Daily Report

Latin America

FBIS-LAT-93-047
Friday
12 March 1993

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FBIS-LAT-93-047 *12 March 1993*

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Cuba

Minister Alarcon Condemns U.S.-Promoted Resolution

PA1103162193 Havana Radio Havana Cuba in Spanish 1300 GMT 11 Mar 93

[Text] Cuba has rejected a resolution the United States managed to pass against it by a minimum majority of 27 votes at the UN Commission on Human Rights. Cuba reaffirmed it will in no way cooperate with the so-called special rapporteur on human rights.

At a news conference in Havana, Cuban Foreign Minister Ricardo Alarcon said this is another vulgar maneuver by the United States, which is the main violator of these rights in its own territory and throughout the world. Alarcon added that Cuba will by no means allow the United States to treat Cuba in this manner and will not comply with this resolution or any other promoted by Washington.

The foreign minister condemned the arbitrary and selective treatment being imposed on it and described the special rapporteur (Carl Johan Grot) as a coward because he did not even dare mention the United States when he referred to the economic blockade against Cuba in his distorted report.

Ricardo Alarcon recalled that in the United States there are 2.4 million children affected by drug abuse, death penalties are applied to minors, 2.5 million children are used as prostitutes each year, and hundreds of thousands of children are employed in New York's textile industry and agricultural fields in California.

Finally, the Cuban foreign minister reaffirmed his country's willingness to supply the United States with medicines that could help save U.S. lives, which cannot reach that country because of the prolonged economic blockade against the island.

* Study To 'Reorganize' Economy Reported

93CA0072A Mexico City PROCESO in Spanish No 845, 11 Jan 93 pp 44-47

[Article by Homero Campa]

[Text] Havana—Preoccupied with resolving the economic emergencies that Cuba has faced for the past three years, Fidel Castro's government has not designed a "new system for managing the economy that will coordinate all its sectors in a comprehensive manner."

Its economic strategy has left adrift matters that are crucial to the island's survival and development. It fails to describe in an organized manner the "ways in which the various sectors of the economy ought to be connected." It spells out neither the system of ownership, nor the degrees of autonomy and subordination of enterprises, nor the location and kind of planning, nor banking operations, nor the subsystem of standards, nor the tax system, nor....

An investigation by the Center of Studies on the Americas (CEA, a Cuban institution that advises the Cuban Communist Party) makes these assertions and, after a wide-ranging analysis of the island's economic situation, concludes:

"This new system of management, which the Castro government must design as soon as possible, is a precondition for Cuba to restore efficiency to its economy."

The fact is, it adds, that Cuba will not be able to remain in the same place as in previous years. "The situation demands changes and adaptations to update and improve the revolution." In essence, the point is to preserve its "historic objectives (national independence, social equality, people's democracy, and economic development) in a world with values and rationales that are different and even adverse today."

The 158-page CEA study, signed by its assistant director Julio Carranza Valdez, addresses key points of economic strategy that are usually avoided in official documents: inefficiency in production, underemployment, the black market, and the serious "financial and commercial imbalances."

Almost from the outset it talks about the three factors that, in combination, have caused sharp declines in annual output and major macroeconomic imbalances.

The three factors are:
1) Worsening relations with Western countries. This can be seen in the drop in foreign-exchange earnings from $8.139 billion in 1989 to $2.2 billion in 1992; the doubling of the debt to the West to $6.5 billion in 1990 (not including the 15-billion ruble debt to the USSR), and the halt in lending from capitalist countries in 1986, the year that Cuba declared a moratorium on payments.

2) The shattering in 1990 of the advantageous relations that it had with the socialist bloc in Europe. Cuba exported to them 63 percent of its sugar, 73 percent of its nickel, 95 percent of its citrus fruit, and 100 percent of its electronic spare parts and components, and imported from them 63 percent of its foodstuffs, 86 percent of its raw materials, 98 percent of its fuel, 80 percent of its machinery and equipment, and 74 percent of its manufactures. In all, the socialist countries of Europe accounted for 88.5 percent of its trade, and the capitalist countries 11.5 percent. In other words, with the disappearance of CEMA [Council for Mutual Economic Assistance] and the disintegration of the USSR, Cuba lost 70 percent of its buying power in three years. "Thus, strong economic integration, not just a favorable trade area, was lost."

3) The decline in the efficiency of the island's domestic economy. During the first half of the 1980's there was 53

centavos of output for each Cuban peso invested. During the second half the figure plunged to two centavos. Nothing suggests that the situation has improved in the past two years. Much of the investment that the island made went into the nonproduction sector: services and the systems of health care and education. Thus, available production capacities did not determine levels of output. Inputs did, and these raw materials, supplies, and intermediate goods depend on imports.

Since 1986, but especially as of 1989, Cuba has faced the challenge of tackling stagnating material output while not affecting employment or its social safety net and, at the same time, while spurring investment.

The result: macroeconomic imbalances have worsened with a trade deficit averaging $2 billion and a budget deficit of more than one billion pesos.

The study elaborates: "During the last five years the labor force (approximately 600,000 persons) was absorbed inefficiently so as not to increase unemployment. This obviously heightened the adverse impact that underemployment was already having on the index of labor productivity."

"A more restrictive employment policy has been pursued since late 1990, and this in practice means assuming a certain level of structural unemployment." To mitigate such unemployment the Cuban Government has maintained the social safety net (rationing booklets, free health care, and schooling). This represents an annual expenditure of 1.2 billion Cuban pesos. Thus, there is an imbalance between, on the one hand, a high level of wages and social spending and, on the other, sharp cuts in the production of goods and services. Over the past five years wages and social spending were up by 1.45 billion pesos, while the supply of merchandise and services increased only 465 million. Almost half of this gap was made up by higher official prices for goods. The rest caused an increase in the money supply that naturally "translated into labor undiscipline and a larger black market."

The situation is further complicated, according to the study, by the fact that the excess money in circulation in Cuba "is not evenly distributed across the population. It has been accumulated mainly in small groups, mostly Cuban speculators who are making profits on the black market."

The study indicates that in the face of this situation, made worse by the U.S. economic blockade, Cuba needs to: 1) adapt its economy to the new conditions; 2) rejoin the world market on a new footing; and 3) reorganize its domestic economy to boost efficiency.

It then points out: "These economic objectives are accompanied by political and security objectives. The fall in the living standard of the population has heightened the internal sociopolitical conflict, since it is more complicated to build a consensus when material well-being is on the decline. Moreover, the U.S. Government is becoming more aggressive in all fields. It perceives that the time has come to intensify its harassment of the Cuban Revolution and liquidate it as a viable historic experience."

As for "adapting the Cuban economy to current conditions," the study says that the need to cut the foreign trade deficit meant reducing imports by $1.5 billion in 1992 from 1991. This also contracted the level of economic activity on the island. The Comprehensive Social Product (an indicator that, unlike GDP [gross domestic product], considers only the production sector and excludes services and wages) fell by 24 percent in 1991 and by 15 percent in 1992. According to the study, there is nothing to suggest that this negative trend will turn around in 1993.

This contraction hurt gross investment, which fell 43 percent from 1989 to 1991; impaired the quality of social services (health care, education, culture, and the safety net), and cut into direct consumption by the population, especially the purchase of foodstuffs and the use of services such as transportation and electric power.

The study comments that "one of the key variables" that the Castro government is using to boost its import capacity is the promotion of export sectors. But, it cautions, the current trend in exports must be reversed, as traditional items (sugar, tobacco, nickel, citrus fruit, and fish) account for almost 90 percent of Cuba's exports. The marketing of these products is increasingly troublesome. They are "regressive products" on the world market. Thus, their share of total exports must decline, and the share of Cuba's new products, biotechnology, pharmaceuticals, microelectronics, and tourism, must rise. By 1995 these new items will account for barely 30 percent of total exports. Furthermore, by the end of the first half of the 1990's the largest island in the Antilles will have available some $25 billion, "almost 40 percent below the minimum level of imports needed for its economy to operate normally."

The study offers recommendations. In trade, adapt, decentralize, and enhance the organization and mechanisms of foreign trade, including partnerships with foreign capital, which, furthermore, are already being formed. In financial matters, renegotiate the foreign debt to the capitalist countries so that Cuba can once again borrow; set a new exchange rate for the Cuban peso vis-a-vis foreign currencies (the official rate is one peso to the dollar; the black market rate is 45 pesos to the dollar). In this way internal costs and the national contribution to the joint ventures operating in the Cuban economy can be better ascertained and gauged. Finally, as for production, it must, on the one hand, promote "a sound, properly monitored investment program" and, on the other, "develop an economic management system that will bring higher levels of labor efficiency."

It then emphasizes: "The organization of the labor force according to new categories (contingents, for example)

boosts output by 52 percent. With these new categories, however, less than 6 percent of the labor force is at work."

It also recommends "assuming the presence of an informal economy, which has grown strikingly in recent years owing to the scarcity of goods." According to the study, "estimates are that in 1990 some 2 billion pesos were circulating in the black market. Over the past two years the amount may have quintupled.

"It would be necessary to identify the black-market activities that result from embezzlement, theft, and speculation and to continue combating them through the rigorous enforcement of the law. But they would have to be distinguished from others that are not of illegitimate origin and that help alleviate specific situations for the population. In this regard, self-employed workers could be mentioned (that is to say, the resurgence of private enterprise on a small scale). Arrangements for organizing them and monitoring supplies, and tax regulations would be established for them."

As for foreign investment, "the enterprises in this sector must not appear to be the only efficient and dynamic ones," while state-run enterprises appear "backward, accumulating the inefficiencies of the system."

As far as the study is concerned, this is one of the main reasons for "reorganizing the economy under a new management system that can integrate and guide it in an organized way."

It argues: "As of 1986 various measures have been taken to correct the main distortions and deficiencies of the previous management system, but a new system has not been proposed to replace the old one. Various political, governmental, and academic institutions have debated and made progress on ideas in this regard. However, the worsening economic situation (due to the disintegration of socialism in Europe and the disappearance of the USSR) created an emergency and pushed the definition of a new economic management system into the background."

Accordingly, there must be an "organized" redefinition of the ways in which the various sectors of the economy relate to each other, as well as of the system of ownership, the levels of autonomy and subordination of enterprises, the location and kind of planning, banking operations, the subsystem of standards, price-setting mechanisms, the tax system, wage scales, etc.

Therefore, the study contends, this is a task that must be performed as soon as possible. Designing such a system is a precondition for restoring the efficiency of the Cuban economy as a whole.

Jamaica

PNP, JLP Prepare for Nomination Day 12 Mar

FL1203015993 Bridgetown CANA in English 2343 GMT 11 Mar 93

[Text] Kingston, Jamaica, March 11, CANA—Jamaica's political parties prepared for Friday's [12 March] nomination of candidates for the 30 March general election here in the midst of an opposition-inspired controversy over the legitimacy of the voters register. Opposition leader Edward Seaga, in a personal attack on Elections Director Noel Lee, claimed Wednesday night that 55,000 names had been left off the list of electors—an accusation vehemently rejected by Lee and the minister of electoral affairs, Seymour Mullings. In fact, according to Lee, several hours before Seaga spoke, the Electoral Advisory Committee, which oversees elections here, had resolved an issue surrounding 16,786 voters who were improperly registered by adding them to the register.

"The commitee yesterday made a decision that the people should come on the list, pending my in-house checks," Lee said on a radio talk show. The Electoral Advisory Committee is comprised of two members each from the governing People's National Party (PNP) and the opposition Jamaica Labour Party (JLP), and three independent members, including the chairman, respected academic, Professor Gladstone Mills.

The only outstanding issue with the register involved an estimated 7,000 names, which were being reviewed for several reasons, including double registration.

"I don't know where the number of 55,000 comes from," declared Lee, who Seaga suggested was incompetent.

Essentially, the election will be a two party-race between Prime Minister P.J. Patterson's PNP and Seaga's JLP. Both have named candidates for all 60 constituencies. Third parties have had a sorry history of performance between Jamaica's two political giants, but the miniscule Republican Party, has suggested that it will contest at least 30 seats—and possibly more. A handful of independent candidates are expected to join the fray although they too have not done well since 1944 when Jamaicans first voted under universal adult suffrage.

"The PNP is logistically more than ready for tomorrow's nomination," said Ralston Smith, the communications director for the campaign. Smith said that the PNP candidates would be nominated at times to be worked out between the returning officers and opposing candidates in an effort to ease tension and obviate political violence—a task to which Patterson has pledged himself and his party.

"Some will go early and some will go late," Smith told CANA.

The JLP too was on track for the nomination exercise despite the reservations over the voters register

expressed by Seaga as he presented the party's candidates for the capital at a rally in downtown Kingston Wednesday night.

"We are going ahead alright," said JLP information spokesman, Hector Wynter.

Seaga will hand in his nomination papers at noon at the Denham Town Primary School in the West Kingston constituency he has represented since 1967. At the same hour Prime Minister Pattersoon will be in Darliston in the western end of the island where he will be nominated for the constituency of Eastern Westmoreland.

Even as Seaga was showing off his Kingston candidates at Wednesday night's rally he was launching a broadside against chief electoral officer Lee.

"I am charging ...(that) if he doesn't do his job (putting the 55,000 names on the register).... Then after this election, we are going to call on him to resign," declared the opposition leader. An obviously annoyed Lee defended his integrity in a radio talk show.

"I don't know where the 55,000 figure came from," said Lee who recently returned from an assignment in Lesotho where he helped to put in a modern electoral system and won high praise for his work. Lee said that his family "has gone to rags" and underlined the fact that his staff had worked "around the clock" for several weeks to put in place the register on schedule.

"And then to turn around and now hear incompetent and inefficient and all the [words indistinct] Lee said.

The electoral officer had firmly in his corner, Minister Mullings who sharply criticised Seaga and demanded that he apologise.

Said the minister: "Mr. Seaga should apolgise to Mr. Noel Lee," adding that the opposiiton leader was attemping to undermine the electoral system.

He added: "I feel strongly that for people who seek public office there must be depths to which they do not sink."

Costa Rica

Nicaraguan Embassy Hostage Situation Updated

PA1103193093 San Jose Radio Reloj in Spanish 1739 GMT 11 Mar 93

[Report by Bernie Vasquez from the vicinity of the Nicaraguan Embassy in San Jose, Costa Rica—live]

[Text] There has been a serious setback in the situation at the Nicaraguan Embassy. Late on the morning of 11 March, Commander Jose Manuel Urbina Lara publicly announced here he will not negotiate unless his initial demands are met. In other words, he wants the Nicaraguan Government representatives to enter the embassy. We are broadcasting 40 meters from the embassy building.

We must point out that we listened to Jose Manuel Urbina, and he sounded very exasperated and disgusted due to the lack of willingness that—according to him—is being shown by the high- ranking authorities. He did not attach much importance to the possibility that the Costa Rican Government and Public Security Minister Luis Fishman might participate in the situation. Nonetheless, Urbina said that if Fishman wants to enter the building he may do so.

Urbina emphasized that this is a conflict among Nicaraguans and it is taking place on legal Nicaraguan territory. To that effect, he strongly urged that some action be taken with regard to his proposal. Otherwise, he is not willing to negotiate.

Apparently, Commander Jose Manuel Urbina Lara is adopting a somewhat stubborn stand. In the meantime, we are also awaiting the results of a meeting at the Public Security Ministry between Minister Luis Fishman, Cardinal Obando y Bravo, and Presidency Minister Rolando Lacle. They might be discussing some sort of arguments presented by the high-ranking Nicaraguan representatives, Alfredo Mendieta and Jose Pallais. Therefore, this might lead to a new move by Nicaraguan Cardinal Obando y Bravo at the Nicaraguan embassy. We continue to await the results.

In the meantime, there is a possibility that at any moment one of the two Costa Ricans who were released on time.... [pauses] according to an agreement by the two parties—the Nicaraguan Government and the kidnappers—Johnny Fonseca, from the fourth precinct, and Yamil Alfaro, a municipal employee, were released at 0800.

The other part of the agreement is still pending. The female hostages must be released. Their names are Luisa Maria Acevedo; Aminta Ortiz; Maria Teresa Torres, who is pregnant; Gloria Elena Gadea; Dora del Carmen Narvaez; Mercedes Sacasa; and Pia Frances Caballero. These seven women are part of the first proposal that was made, and they must be released in order to begin the negotiations.

Thus, the situation is uncertain. Commander Urbina is exasperated, and there is an impasse in the negotiations, or rather an impasse in whole the situation. The uncertainty is very strong, and in the meantime we remain here, together with the other media representatives. We will remain alert.

Nicaraguan Government Presents New Proposal

PA1103215293 San Jose Radio Reloj in Spanish 1845 GMT 11 Mar 93

[Text] Talks between the two groups participating in the hostage situation at the Nicaraguan Embassy, which is already in its fourth day, reached their climax a few minutes ago. Nicaraguan Government representatives have threatened to leave the country.

Nicaraguan Deputy Foreign Minister Jose Pallais and Nicaraguan Government Minister Alfredo Mendieta have said they find it very difficult to talk with Urbina, who has hardened his position. This could result in both Nicaraguan Government representatives leaving our country this afternoon.

Nicaraguan Cardinal Miguel Obando y Bravo maintains a similar position. Although Urbina requested his mediation, the cardinal has not been able to accomplish much so far.

Urbina rejected the two offers made on 10 March by the Nicaraguan officials. Now, a third offer was presented to Urbina. The Nicaraguan Government representatives have made a third proposal without conditions, a last option.

First, we will hear a statement made a few minutes ago by Nicaraguan Government Minister Mendieta reporting on the latest developments.

[Begin recording] [Mendieta] Cardinal Obando y Bravo contacted Urbina at 0830 [1430 GMT] to convey to him our willingness to continue seeking a solution through dialogue. Urbina said he was not happy with the way he had been treated. We do not know to what he was referring. He added he had no intention of holding talks with us. Urbina said that we could return to our country, and he would handle the situation. He said that with the release of two Costa Rican hostages he had regained sympathy from the media, which is basically what he wanted.

This shows little consideration for the tense situation the hostages are facing at this time, and above all does not take into consideration the seriousness of this conflict in a friendly country like Costa Rica.

We continue to express our great concern for the lives, security, and safety of the hostages. Although Urbina has said that there have been no incidents, I do not believe him. No one deprived from freedom can remain calm.

Therefore, we feel that we must make a last effort. Cardinal Obando y Bravo is very worried. I personally

sensed his deep concern due to the tone of the meeting. We saw a totally different Urbina after our last conversation with him. He has turned aggressive, and used language that the cardinal could not even repeat to me. Therefore, we decided to make a new proposal to Urbina, which consists of holding talks—these talks must start immediately—and we have made this clear to the cardinal so he can inform Urbina, which he must be doing at this time. If Urbina wants to remain inside, the talks can take place at the door. I will remain outside. There are no conditions whatsoever, except what he has offered: releasing the women immediately after the conversation between Urbina and the Nicaraguan delegation ends.

[Unidentified reporter] [Words indistinct]

[Mendieta] At this time, the cardinal must be presenting the proposal to Urbina. The Nicaraguan president has called us twice. She is very concerned. She also talked with President Calderon on 11 March and has expressed the Nicaraguan Government's willingness to find a quick solution for this problem.

We believe Urbina's attitude at this time is totally inconsistent. He has closed the doors, and has shown hardly any consideration with regard to the hostages. We do not see any clear solution, and Urbina's position is not clear at this time. We believe the whole situation is unclear.

We demand from Urbina an immediate reply, because the cardinal has also expressed his desire to leave and return to Nicaragua, as he does not see any progress. We also believe that if there is no progress made, the Costa Rican authorities will have to take full control of the situation.

We will be willing, however, to return immediately [words indistinct] as soon as the Costa Rican authorities ask us to. We have told this to Minister Luis Fishman, and Minister Rolando Lacle. We are now issuing the necessary instructions to our personnel to make reservations for our return to Nicaragua.

[Reporter] [Words indistinct]

[Mendieta] [Words indistinct] Deputy Foreign Minister Pallais can answer that question. I do want to stress one thing: We have not sought this problem. We are doing everything possible. We are doing our best. Two very distinct levels must be clearly established here. There is the level of support that the Nicaraguan Government can offer, and there is the level of control with all of its resources—human resources, security resources, technical resources—that the Costa Rican Government is doing at this time. We, as government officials, have not intervened at all. We have just been talking with the Costa Rican Government officials, and we appreciate their cooperation in this case. We are here to contribute to a solution for this problem. I would like for the deputy foreign minister to answer your questions.

[Reporter] [Words indistinct]

[Nicaraguan Deputy Foreign Minister Jose Pallais] That is our main concern. We seek the release of the hostages because we believe they have suffered enough. That is why we are here. We would like for the hostages to be released and for Mr. Urbina to surrender. We have adopted a flexible stand. As Minister Mendieta said, this is going to be the third proposal we will make. It is the last proposal we will make. In spite of our flexible stand, we have not observed Mr. Urbina to reciprocate. In fact, he has hardened his stance.

He has not accepted the mediation of the cardinal. First, he asked for the cardinal to mediate. Normally in these situations, a mediator conveys the stance of one party and then returns with the stance of the other party. The mediator tries to get the two parties to reach an agreement. Urbina asked for this mediation, President Chamorro also asked the cardinal to play this important role, and the cardinal—true to his spirit of serving—came to Costa Rica. Nonetheless, the cardinal has not been able to carry out his role. Urbina has set the cardinal aside, and he only wants to negotiate with the Nicaraguan officials. We have accepted that, and you are already familiar with the two proposals that were made on 10 March.

At this time, the cardinal is contacting Urbina and presenting this third proposal: We would go to the doors of the embassy and there we would establish negotiations. At the conclusion of this first dialogue, he would release the women hostages, mainly because of the fact they are women [words indistinct].

[Reporter] [Words indistinct]

[Pallais] The cardinal is going to allow him a reasonable amount of time; we do not know how much time he will allow Urbina. At any rate, we will wait until that term expires.

[Reporter] [Words indistinct]

[Pallais] This is a Costa Rican and Nicaraguan conflict. It is taking place at the Nicaraguan Embassy accredited before the Costa Rican Government and it is taking place in Costa Rican territory. The rights and obligations of each one of the two states are very clearly established in the Vienna Convention. We came here as soon as the Costa Rican Government requested our support. We have been flexible with our stances, and we have supported the Costa Rican Government, which guarantees the security of the Nicaraguan diplomatic personnel in San Jose. We have worked very closely with the Costa Rican Government, and we will continue to do so.

However, what we observe is that Mr. Urbina wants to remain here for an indefinite period of time. He is not interested in negotiating; he is not interested in reaching any solutions. He is just interested in being in the news, and he will continue doing so for as long as he can. We

cannot lend ourselves to this game. When I say we, I also mean the cardinal who has clearly said that he will not lend himself to this game.

[Reporter] What is the strategy for maintaining communications [words indistinct].

[Pallais] Direct communications have been maintained and continue to be maintained at all levels. President Calderon and President Chamorro have been in touch numerous times. The presidency ministers have also been in communication, as well as the foreign affairs ministers. We will continue our constant communications. At any rate, the final decision will always be adopted according to our communication with the Costa Rican Government.

[Reporter] [Words indistinct]

[Pallais] We are going to wait for Mr. Urbina's reply to the call being placed at this time by the cardinal. The cardinal will establish a reasonable period of time for him to answer. We will wait for that answer, and once it is received, we will evaluate the situation immediately with the cardinal and the Costa Rican Crisis Committee.

[Reporter] Will you give Costa Rica the option of making the decision on a solution to this problem?

[Pallais] We always take the Costa Rican Government into consideration, and we would like to be taken into consideration. This is a problem for both governments. Therefore, the final decision will be made by the two governments. [end recording]

Seven Female Hostages Released

PA1103213293 San Jose Radio Reloj in Spanish 2030 GMT 11 Mar 93

[Text] Seven of the 25 hostages being held at the Nicaraguan Embassy in Costa Rica have been released.

The three kidnappers decided to release the seven women, all of them Nicaraguan, at approximately 1425 [2025 GMT]. Their release was one of the conditions demanded by the Nicaraguan Government. The Nicaraguan Government requested in one of the many proposals they presented that the female hostages be released.

Jose Manuel Urbina Lara, however, slightly modified the conditions in the sense that the last proposal made by the Nicaraguan Government, which was announced by Government Minister Alfredo Mendieta, stated that the seven women would be released once the first talks began at the embassy's front door with the government minister, the deputy foreign minister, and a high-ranking Costa Rican official. However, these seven women were released before the first face-to-face contact between the kidnappers and the Nicaraguan delegation.

From what we were able to understand from this transmission, which involved some difficulties due to the large number of people blocking the way and preventing our fellow reporter from communicating clearly with us, these women do not want to have anything to do with Costa Ricans. We really do not understand the attitude displayed by these Nicaraguan women. They did not want to be taken to their homes in Costa Rican vehicles because they do not want anything Costa Rican and asked for Nicaraguan vehicles.

At this moment they are being driven to their homes. We do not know whether they are in Costa Rican or Nicaraguan vehicles.

Fishman Hopes To Meet Kidnappers 12 Mar

PA1203005793 San Jose Radio Reloj in Spanish 2350 GMT 11 Mar 93

[News conference by Security Minister Luis Fishman with unidentified reporters in San Jose—live; broadcast in progress]

[Text] [Fishman]... reiterates the conviction that under the current circumstances, dialogue between the sides is still the most suitable way to make progress. It also reiterates that the role of the police must be limited to avoiding to the extent possible any risks to the lives and physical safety of the people inside the embassy and within a perimeter of 100 meters around it.

We have not and will not consider at this time the possibility of exerting force in this case. On the contrary, we definitely encourage dialogue. We await the demands the representatives of both sides will make of us to establish direct talks. San Jose, [five-second break in transmission]

[Reporter] [words indistinct]

[Fishman] A specific proposal has been made and we are about to contact the kidnappers to decide how a meeting can be held. [words indistinct] that imply risks to the hostages' security. I will not answer any questions until the illegal situation at the Nicaraguan Embassy is totally resolved. I will not respond to that type of question.

[Reporter] [words indistinct]

[Fishman] I will not answer that type of question.

[Reporter] [words indistinct]

[Fishman] (?I spoke with) the policeman's wife, son, and father. I asked them to come with me and address the reporters and they begged not to, saying they are very shy and do not want to talk to reporters. That is the only reason. You can contact them on your own; I am not opposed to that. The legal procedures and investigations have been completed and they are free to talk with you. I could not force them to come here because they would feel uncomfortable.

[Reporter] [words indistinct]

[Fishman] Another branch of state will deal with that. At the appropriate time the Judicial Branch will decide.

[Reporter] [words indistinct]

[Fishman] I will ask them. They may know things that we don't know. I will find out.

[Reporter] [words indistinct]

[Fishman] Following the hostages' release, they recounted the situation inside the embassy. We are calm because of what they have told us and because of their physical condition.

[Reporter] [words indistinct]

[Fishman] It would not be convenient to hold a meeting during the evening hours. We want a meeting during the day, when the participants are rested, early in the morning. We will make an effort to hold a meeting on the morning of 12 March.

'Special, Urgent' Measures Requested

PA1203035193 San Jose Radio Reloj in Spanish 0256 GMT 12 Mar 93

[Text] The Foreign Ministry reports that on 11 March the Nicaraguan Government requested that the Costa Rican Government adopt unspecified special, urgent measures to reach a satisfactory conclusion of the take-over of the Nicaraguan Embassy in San Jose by an anti-Sandinist command unit.

The request was made prior to the release by the kidnappers of seven women who were part of hostage group. This release will allow the bogged-down negotiations to restart on 12 March.

The Nicaraguan Foreign Ministry reminds Costa Rica of its international responsibilities as a host state of a diplomatic mission when this type of situation takes place.

The condemnable events taking place in the Nicaraguan Embassy represent an international crime. The obligations of signatory states in such cases are outlined in current international agreements.

The Nicaraguan authorities trust that the mediation efforts by Cardinal Miguel Obando y Bravo and the persuasive efforts of the Costa Rican Government and the Nicaraguan officials dispatched to San Jose will achieve a satisfactory outcome without causing regretful, irreparable losses.

Civil Guard To 'Redouble' Security

PA1203044993 San Jose Radio Reloj in Spanish 0340 GMT 12 Mar 93

[Report by Bernie Vasquez from outside the Nicaraguan Embassy in San Jose—live]

[Text] Last minutes news. Civil Guard General Director Marino Donato, just as he was about to return to his office, decided to meet with journalists to report the following:

Because of a series of threats that have been made, he wanted to warn us that at any moment he may deploy armed officers around this security perimeter. This is a result of a series of threats that have also taken place among security authorities [sentence as heard].

A few minutes ago we saw several police movements we may describe as extraordinary, like when they carry out a rapid deployment. There was some hesitation; they were very discreet about this action. We were able to find out that an operation took place, but it was canceled about 12 minutes ago, according to communications we were able to eavesdrop over the radio.

We repeat, this is in connection with statements by Civil Guard Director Marino Donato, who has summoned the media and has told us not to be surprised or scared because the operation has to do with redoubling security after a series of threats.

Donato also believes that after nearly five days of this situation, which has many families and people in Costa Rica on edge, the people have begun to express their opposition: some even favor taking the law into their own hands. This high-ranking official has issued this warning for people to remain calm despite the presence around the embassy in the next few hours of heavily armed officers. It is obvious, however, that the authorities have already taken the appropriate intelligence and security measures.

We hope that nothing unfortunate takes place during the night. We can expect formal negotiations to restart at 0800 [1400 GMT] on 12 March. Right now there are no negotiations taking place. All there has been up to now are agreements or preliminary actions to establish a direct and formal negotiating channel between the hostage takers and the Nicaraguan Government.

Yolaina Group Makes Public Statement

PA1203051793 San Jose Radio Reloj in Spanish 0358 GMT 12 Mar 93

[Report by Bernie Vasquez]

[Text] Right now the so-called Yolaina Commando unit is making a statement. It has put out a loudspeaker and is playing a recording of a public statement. Let's try to listen:

[Begin recording, in progress] ... [words indistinct] the decision of the Costa Rican authorities to cut our telephone lines since yesterday [words indistinct] our commando unit today clearly demonstrated its goodwill to bring this conflict to a peaceful conclusion. We must explain that we cannot make or receive any telephone calls. The [words indistinct] that wants to do it [words indistinct].

2. This measure must be understood as a biased action in favor of the Nicaraguan Government delegates, who have continuous access to the media. That means the people can only hear one point of view.

3. On repeated occasions we have said that the government delegates came here without any kind of specific proposal to negotiate with us [words indistinct] failing to comply with the commitment reached in the face of the people and of Cardinal Miguel Obando y Bravo to initiate negotiations in this diplomatic mission immediately after the release of the women who were being held.

Eight hours have passed since the women were released, and we are still waiting for the delegates.

Who is being intransigent? Who is fooling the people? Who wants the media to know both sides' position? Who is taking advantage of the noble mediation of His Eminence Cardinal Obando y Bravo?

4. If the telephone lines are not reestablished as we request, we respectfully ask His Eminence Cardinal Miguel Obando y Bravo to contact us every two hours as of this moment to keep us informed about his noble mediation mission.

[issued] San Jose, 11 March 1993

[signed] Yolaina Commando. [end recording]

Anti-Yolaina Group Threatens To Attack Embassy

PA1203050493 San Jose Radio Reloj in Spanish 0430 GMT 12 Mar 93

[Text] On 11 March an alleged anti-Yolaina commando unit threatened to attack the Nicaraguan Embassy in San Jose if the armed group that has occupied the building since 8 March does not leave it in the early hours of 12 March.

According to a Costa Rican radio station that received a telephone call from the alleged commando unit, a group formed by 11 persons who are well-trained in this type of assault and who will only wait until 0500 on 12 March for the embassy where 16 Nicaraguan hostages are being held to be released.

Security Minister Luis Fishman downplayed the report of the alleged new group. No voices of any of the group members were heard on the station that broadcast the report.

The minister did say, however, that the threat must be neither believed nor dismissed, therefore police surveillance in the areas surrounding the Nicaraguan Embassy will be reinforced.

According to the latest reports, the group of four kidnappers who occupied the embassy on 8 March while 25 persons were inside, calls itself the Yolaina Commando of the Nicaraguan Patriotic Brigade. Nine of the hostages were freed on 11 March.

Nicaraguan Government Accused of Maneuvering

PA1203053493 San Jose Radio Reloj in Spanish 0450 GMT 12 Mar 93

[Report by Bernie Vasquez from outside the Nicaraguan Embassy in San Jose—live]

[Text] It seems that the electrical power to the Nicaraguan Embassy has been cut. In addition, at this moment the hostage captors are issuing another communique. The captors have reacted angrily to their lack of contact with Nicaraguan authorities. The situation here is really tense.

[Begin unidentified speaker recording, in progress] ...we consider Mr. Alfredo Mendieta's statements a maneuver [passage indistinct]. This conflict is among Nicaraguans, which must be resolved by Nicaraguans and on Nicaraguan territory—such as in this embassy. [words indistinct] we consider Mr. Alfredo Mendieta's statements that the time and place for the negotiations still needs to be determined to be only a maneuver. He had already promised publicly to negotiate in this embassy immediately following the release of the ladies. We are still waiting.

It is our belief that this problem needs to be handled with seriousness and not with vain promises. For our part, we have kept to our word and the promises we made to the public and Cardinal Obando y Bravo.

[Issued] San Jose
[Dated] 11 March 1993.
[Signed] Yolaina Commando [end recording]

Honduras

Ad Hoc Commission Recommendations Reported

PA1203034693 Tegucigalpa Voz de Honduras Network in Spanish 1145 GMT 11 Mar 93

[Text] In complying with its duties, the high-level Ad Hoc Commission for Institutional Reform, which will guarantee security and social peace in Honduras, has made several recommendations to the president of the Republic, including that he intervene in the workings of the Department of National Investigation, DIN.

The document says that during the investigation process the commission heard statements from military officers and DIN representatives. Other organizations consulted were labor unions; media directors; the Honduran Human Rights Defense Committee, Codeh; the United Federation of Honduran Workers, FUT; the Honduran Council for Private Enterprise, Cohep; the Visitacion Padilla Women's Committee; the Committee of Relatives of Missing Detainees in Honduras, Cofadeh; and the Confederation of Cooperatives.

Also present at the ceremony, during which the recommendations were presented to the Executive Branch,

were Government and Justice Minister Francisco Cardona Arguelles and Alfredo Landaverde, leader of the Honduran Christian Democratic Party.

Monsignor Oscar Andres Rodriguez Maradiaga, president of the commission, read the conclusions:

[Begin Rodriguez recording] Aware of the priority given in the national agreement to commitment (A), under point (2) in this report, and taking into consideration the concern about violence and crime and the protection of persons and properties expressed by various national sectors, the Ad Hoc Commission proposes the immediate implementation of the following specific measures:

1. During the transition period, while definitive solutions are proposed, it is necessary and advisable that the government intervene in the organization and functioning of the DIN through the following preventive measures:

a. The immediate appointment of an intervention board [junta interventora] for the DIN, to be comprised by two civilian officials freely appointed and removed by the president of the Republic and a military officer to be appointed in accordance with the Public Security Forces, Fusep, basic law. The members of the board will exclusively act as commissioners in performing their duties. Intervention board members must be highly respectable individuals of proven capacity, independence, and equanimity. The intervention board will function for as long as it is strictly necessary while the government adopts and implements a definitive solution to the DIN problem, based on the recommendations made by the Ad Hoc Commission. Intervention Board members will exclusively perform the duties assigned to them.

b. The intervention board will have the following powers:

—To urgently conduct an evaluation of DIN personnel as deemed necessary to purge the institution as soon as possible. It will take the necessary measures promptly to fill in the vacancies with qualified personnel in accordance with the emergency selection and training plan to be adopted for that purpose.

—To make sure torture or other cruel, inhuman, or degrading acts are not committed or tolerated in the DIN and that superior orders or special circumstances are not invoked to justify those acts.

—To make sure that DIN activities remain within the framework of total respect for the constitutional rights of persons.

—To carry out civic, moral, and legal programs for the members of the organization to raise their consciousness and train them, not only in the obligation of fulfilling the duties imposed on them by law to respect and protect human rights, but also to fight and prevent corruption in all its forms.

—To recommend salary increases, social security, and other measures to guarantee the entry and stability of the proper personnel.

—To inform superior authorities of the activities and progress made by this intervention board, and send a copy to the Ad Hoc Commission as long as it continues its duties.

—To ensure that those DIN members accused of crimes against persons and goods are immediately brought before the proper criminal courts as long as there is, at least, reasonable evidence against them.

—To make sure that the Executive Branch dictates the pertinent dispositions for these and future recommendations to be legally and urgently adopted.

This document was issued in Tegucigalpa, Municipality of the Central District on 9 March 1993. [end recording]

Nicaragua

Central American Ambassadors Condemn Embassy Takeover

PA1103220993 Managua BARRICADA in Spanish 11 Mar 93 pp 1, 6

[Text] Central American diplomats accredited in Managua condemned on 10 March the assault on the Nicaraguan Embassy in Costa Rica and told BARRICADA that these types of actions are not conducive to peace, which the isthmus countries have been encouraging over the past few years.

"The use of a mission for these acts is a serious matter. We are experiencing a peace process throughout Central America, and I believe that the involved sectors should head toward consolidating a peaceful coexistence. These sort of things should not take place during a period of dialogue and solutions," Guatemalan Ambassador Rolando Mendez Mora said.

The heads of the diplomatic missions from Honduras and El Salvador stated that events such as these "are condemnable no matter who carries them out" and gave their unconditional support to President Violeta Barrios de Chamorro's administration.

"We will always condemn terrorist acts such as this. Our position is one of total support for the Nicaraguan Government's decisions," Salvadoran Ambassador Leopoldo Canessas said.

The diplomats believe that the Nicaraguan Embassy takeover places the two countries involved, Nicaragua and Costa Rica, in a difficult position.

"It is a very difficult diplomatic affair. Even though it is within Costa Rican territory, the plot of land the embassy occupies is considered Nicaraguan territory, and that creates a problem of responsibility," the officials explained.

The command leader who assaulted the Nicaraguan Embassy is a Costa Rican citizen, which "increases the seriousness" of the problem, Mendez Mora said.

They Would Not Comment on Robelo

The three ambassadors preferred not to comment on statements by Nicaraguan Ambassador Alfonso Robelo, who on the morning on 10 March praised the kidnappers' demands and said he himself shared some of them. Robelo is being held hostage with the remaining diplomatic personnel.

The kidnappers demand "a change" of government, which implies, among other things, firing Presidency Minister Antonio Lacayo and Humberto Ortega, Army commander in chief.

"It is very difficult to judge statements when we do not know under what circumstances they were made. He may have been forced to make them," Honduran Ambassador Alvaro Antonio Romero said. His colleagues from El Salvador and Guatemala agreed.

Alleged Terrorist Group Threatens UNO Coalition Parties

PA1203041693 Managua LA PRENSA in Spanish 10 Mar 93 p 2

[Text] The so-called National Salvation Democratic Forces (FDSN) threatened five National Opposition Union [UNO] leaders because their participation in government sponsored meetings could lead to a national dialogue.

In a letter sent to the UNO Political Council, the alleged terrorist group mentions National Conservative Party (PCN) President Roger Mendieta Alfaro; Dr. Duilio Baltodano of the National Action Party (PAN); Roberto Urroz of the Nicaraguan Democratic Movement (MDN); Dr. Arnoldo Aleman of the Liberal Constitutionalist Party (PLC); and Azucena Ferrey of the Christian Democratic Union (UDC) as having met with the government as opposed to other UNO coalition members.

In its note, the FDSN points out that UNO should analyze the appropriateness of having some political party members of the coalition meeting independently with the government. They demand that any further meetings or contacts with any executive branch representative must have the full support of the 10 parties that currently form the opposition coalition.

The FDSN also warns that if talks with the government continue, the political parties run the risk of being disciplined for having betrayed what they describe as "UNO interests."

Argentina

Invitation Received To Join Missile Technology Regime

PY1203034093 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2339 GMT 11 Mar 93

[Text] Buenos Aires, 11 Mar (NA)—The Foreign Ministry today officially reported that the Missile Technology Control Regime (MTCR) member countries have decided to formally invite Argentina to "join" that organization.

The Foreign Ministry noted that this decision "will become effective during the next MTCR meeting, and it represents a clear recognition of Argentina's (?concrete steps) and contributions in the field of the nonproliferation of nuclear weapons of mass destruction, especially those linked to missile technology."

The next plenary meeting of the MTCR member countries will be held in Switzerland late this year. On that occasion, in addition to Argentina's formal entry, Hungary will also effectively join the organization.

On 9 March the U.S. Embassy in Argentina released a communique on the current government's policy on the non-proliferation of nuclear weapons and the destruction of missile technology.

In the communique the embassy mentioned, although indirectly, the dismantling by Argentine authorities of the Condor-2 missile, whose parts were sent to Spain and the United States a few days ago.

Despite reports indicating alleged discontent by U.S. military authorities over this issue, the embassy, through the communique, praised the Argentine decision to dismantle the project.

Brazil

* Stages of Transformation in PT Profile Viewed

93SM0164A Sao Paulo VEJA in Portuguese 17 Feb 93 pp 22-24

[Text] At age 13, the PT [Workers Party] has ascended the ceremonial ramp of Planalto Palace. Last Tuesday, one day before the party's birthday and three days after suspending Minister Luiza Erundina from PT ranks for one year—having accused her of siding with the government—PT President Luis Inacio Lula da Silva went to the palace to drink a little Brazilian rum with President Itamar Franco and to deliver an antihunger plan. He heard some confidences from the president, who was as indignant as any member of the opposition with the passivity of his economic team in the face of the inflationary volcano, and he even agreed to have PT Deputy Aloizio Mercadante submit a stabilization program to Minister of Planning Yeda Crusius. Senator Eduardo Suplicy also called on Yeda, to show her a wage supplement program aimed at people earning less than $150 [a month]. While the leaders were exchanging ideas with Planalto Palace, the two "pockets" of the PT on the Esplanade of the Ministries were filling their teams with militants. Minister of Labor Walter Barelli, a PT supporter at heart but not a card-carrying member, and endorsed for the post by Lula, employs 15 PT members. Administration Minister Luiza Erundina has already hired six members of her faith. It might even seem that the PT has found its niche: to govern, provided it does so in disguise.

"The PT is entering the Itamar administration in the worst possible way," said Deputy Jose Genoino, of Sao Paulo. "It is ascending the ramp sheepishly." Since the early days of the Itamar government, the PT has been waltzing with the president; its game has been weak formal opposition but forthright informal collaboration. In its latest metamorphosis, which occurred at the same meeting at which it suspended Erundina, the PT created the figure of "purposeful active opposition," [oposicao ativa propositiva] an offense against both the Portuguese language and political common sense. "Active" because it punished with a one-year suspension Erundina's decision to enter the Itamar administration without indulging in idle chatter. "Purposeful" because it allows itself to dispatch proposals to Planalto Palace and lend manpower to execute them. As a result of its ambiguity, the party now finds itself in a complicated situation. "From the electoral standpoint, the party is softening its radical image and thus becoming a more trustworthy option for voter groups who had been rejecting its sectarian positions," reasoned sociologist Leoncio Martins Rodrigues, of the University of Campinas. "But internally, this distances the party from its original base and produces conflicts between those who prefer the revolutionary path and the ones who have chosen reform." The PT position means trying to square the circle. It cultivates one posture, which might be called "tucano" [reference to the Brazilian Social Democracy Party] (responsible, collaborationist with the powers-that-be) in order to win the trust of the elites in next year's contest for the presidency, while at the same time it risks losing its most precious asset, the one that differentiates it from all other Brazilian parties—its immense contingent of battle-hardened members.

Hard and Pure

This is a drastic transmutation for the party that in the presidential election of 1985 jettisoned the legislators who wanted to vote for Tancredo Neves in the Electoral College. Or for the party that was drafting socialist programs intended to be implemented when the workers come to power. Now it looks like the PMDB [Brazilian Democratic Movement Party] during the Sarney administration: it is in the opposition, collaborates, occupies posts in the government—all without the worthy voter understanding a bit of it. But it is a phenomenon that has some logic when one looks at the history of the PT. Having emerged in the 1980's from the union trenches of Sao Paulo's industrial ABC region, the party gained in legitimacy and size because it was not part of the

traditional political machine and because it spoke directly to its rank and file, proposing far-reaching changes and advocating worker participation in government. It was with that radical approach that it became a champion vote-getter in the opposition, won mayoralty races in dozens of cities, elected legislators from districts all over Brazil, and sent Lula into the presidential election runoff. The change in the PT is also occurring against the backdrop of the changes on the world scene. The communist parties are gone. The social-democrats are doing what, horrified, the Bolshevik Lenin denounced back in 1912: reformist management of capitalism. It is a time of bloody nationalism (as in the former Yugoslavia) instead of the solidarity of the proletariat internationalism, of explosions of feudally tinged irrationality (especially in the Muslim word) instead of scientific socialism. In short, there is no socialist-worker utopia on the international horizon.

The PT no longer dons the robes of that utopia in order to participate in the government. "We have become an alternative to the powers-that-be," stated Lula, who until last week had never seen the inside of the president's private office. "We are not participating in the government directly, but we have a responsibility in the battle against misery." But this does not mean that the PT's new kind of opposition is more assimilable or that the clashes between "actives" and "purposefuls" are less frequent. "The party of hard and pure principles now feels sufficiently sure of itself that it can exhibit more flexibility," says sociologist Francisco Weffort, a petista who migrated from a post on the party's national board of directors to a distant seat on the sidelines.

The situation is so complicated that the PT delegation in the Chamber, which has almost always exhibited monolithic behavior, is split. Among its 34 deputies and one senator, there are 15 like Jose Genoino who advocate disguised participation in the government. Twelve others, headed by Vladimir Palmeira, PT leader in the Chamber, detest the Planalto ramp, and eight favor explicit participation. Playing on this latter team are Senator Suplicy and former leader Eduardo Jorge. When it comes to Itamar's proposals, 23 deputies reveal good will in their votes. Vladimir Palmeira himself spearheaded the voting in which the PT helped to enact the IPMF [Provisional Tax on Financial Operations], a key component of the administration's fiscal reform. The split occurs even on questions that are deemed a test of party loyalty. Last Thursday, Erundina was waiting in her office for a visit from Deputy Paulo Paim, of Rio Grande do Sul, who was going to ask her not to leave the PT because of the suspension. A pleasantly surprised minister ended up receiving eight PT legislators. There were not even enough chairs in her office for them all. "Collaborating with Itamar represents a good chance to lay the groundwork for a future PT Government," said Deputy Joao Paulo Pires, of Minas Gerais, who did not go to the meeting but sent Erundina a message of support. He was one of the candidates Itamar had considered for the post won by Walter Barelli.

Good Fortune at the Polls

The changes in the PT did not take place overnight, nor are they a knee-jerk reaction to the international situation. The ballot boxes, for example, have changed its size. There were six federal deputies in 1982, 16 in the following election, and 34 in this last election. In January, 54 PT mayors were sworn in. Before that, there were 35. With success at the polls came a change in the faces and occupations of PT militants. There are 750,000 members throughout the country, 10 percent of whom have an active life in the party. They attend meetings, plenary sessions, and debates, even when no election campaigns are under way. The only reason this number does not help to assess the size of the PT is that the other parties are not well-organized enough to be able to give reliable estimates as to the total number of their militants. The PMDB, for example, knows only that it has more than one million members.

The social composition of the party has also changed. During the 1982 campaign, when the Falcao Law was in effect, the PT ran its grass-roots militants as candidates and illustrated its free TV air time with a succession of anguished and wizened faces from the labor union movement. A survey done by political scientist Carlos Novaes, of the Brazilian Center for Analysis and Planning, shows how the picture has changed. In May 1990, among 304 delegates to the PT's Seventh National Convention, 11 percent held positions of trust in the legislative or the executive branch and 28 percent were actively involved in unions and community movements. Nineteen months later, the 686 delegates to the First Congress showed the growth of "establishment" petismo. The number of militants who held positions of trust had risen to 17 percent, and the number of petistas associated with the union and community-based movements had declined to 17 percent (see table). "As this increase took place, the available funds also increased," Novaes found. According to the pollster, 70 percent of the money that drives the PT machinery comes from compulsory contributions from militants who hold jobs made available by the party's electoral good fortune.

Striking a Balance

With success at the polls, a well-oiled cash register and a social makeup that is more distant from its factory-worker origins, the PT strode into two experiences that have helped change its profile: the legislature, and public administration. Its legislators have become numerous, and so influential within the party that at meetings they are heeded more than many of the PT's founders. Both the elected officials and their legions of advisors have learned that the party can neither enact nor defeat anything all by itself. "You need a lot of patience and compromise," explained Sao Paulo State Deputy Rui Falcao. In the city governments, where there are even more positions of trust available, even more important lessons were learned. "Our experience in government and in the legislature have taught us that you have to negotiate," said Minister Erundina, who suspects she

will be able to minimize her punishment with the support of PT rank and file. "We govern for Porto Alegre, not for the PT," is what former Mayor Olivio Dutra always says. He easily got his hand-picked successor, Tarso Genro, elected. "We have to strike a balance between the battle for our cause and our negotiations with the elite," said Deputy Jose Genoino. "The presidential runoff election showed us that we must not be the party of the 30 percent that never gets there."

The influence of the city halls and legislatures has sounded a warning within the party. "Erundina, for example, thought she would have a lot of difficulties after her term as mayor if she did not hold some office to maintain her status," suggested pollster Carlos Novaes. That was also the diagnosis made within the party. In June, the party's National Organization Secretariat wants to change the system by which party leaders are elected, to curb the firepower of the legislators and facilitate the rise of candidates from local units. The idea is to allow each group of five legislators to elect only one member of the National Board of Directors. In compensation, to increase the legitimacy of the conventions, each group of 75 members that has organized in a grass-roots unit will be able to nominate a delegate. "That is one way to democratize the party's actions," said Vito Salazar, the PT secretary of organization. More than that, the dilution will probably convince those militants who, ensconced in a city government or a ministry, look at the world through the window of a black Opala automobile, to walk at least a little closer to the rank and file, in order to ensure themselves an invitation to the meetings.

Wholesale and Retail

Like everything that happens in the PT, the attempt to rehabilitate the grass roots also has its contradictions. At week's end, the national executive body of the PT was preparing for a meeting at a country house 30 km from Brasilia. The plan was to draft a document of noble purpose and doubtful results. They wanted to develop a strategy for the next two years, outlining the election options and other party priorities. The idea ran aground on the simple fact that during that two-year period, the leadership will probably be handed over to another executive body which, even were it to disagree with that orientation, would be bound to implement it. In this regard, the PT runs the risk of overcoming the old "base-ism," the practice of consulting the rank and file before making any decision, and replacing it with "summit-ism" that ignores the militants and listens only to the leaders. "We must not disregard the experience of those who have led the party to this point, for the sake of drafting this document," argued Deputy Jose Dirceu, of Sao Paulo. It was anticipated, at week's end, that the Erundina effect would take up more time in that meeting than the discussion of strategy.

Even with its ambiguities and recent transformations, the PT is sure it will "get there." That conviction led to last week's situation, when no one could say with certainty whether the party has entered the government at the wholesale level but stayed outside it at the retail level, or whether it has adopted an inverse position. To a large extent, the indecision is connected with Lula's plans for the 1994 presidential election. If the Itamar administration is a success, he will have been the purposeful opposition. "Ideally, the approximation would be purposeful on Itamar's social issues, but active on the economic side," sociologist Francisco Weffort believes. "You just cannot imagine Lula explaining the increase in unemployment," adds one of the most respected founders of the party. "The PT has changed, but has not reached that point yet."

[Box p 23]

Waltzing With Itamar

Since Itamar's inauguration, the PT has been dancing, confusedly, with the administration:

- Lula endorsed the choice of Walter Barelli as labor minister.
- In a vote on whether to participate in the administration, independence won by one vote. In another vote, the party become active and purposeful opposition.
- Erundina was punished for having accepted a post in the government. Like Barelli, she is filling her ministry with PT adherents.
- Itamar adopted the antihunger program and Lula offered experts to implement it.
- Suplicy took Yeda Crusius a plan for giving low-income Brazilians additional income.
- The PT helped pass the IPMF and the CUT [Sole Workers Center] worked with businessmen to torpedo the tax.

* Logjam in Final Approval of Budget Viewed

93SM0181A Sao Paulo VEJA in Portuguese 24 Feb 93 p 18

[Text] We are in the middle of 1992. The year of our Lord 1993 is heading into its third month, but the country is without a budget. The General Budget of the Union brought notoriety to the gang of "seven dwarfs," the group of legislators who, in 1991, were caught in the act of manipulating big chunks of public money. It also led, at the end of 1992, to the reappearance of a phantom dwarf, Minas Gerais Deputy Jose Geraldo (PMDB) [Brazilian Democratic Movement Party], who lobbies for funds for completed highways and is known by the nickname "Quinzinho," he of the 15 percent. The surprise this time is the existence of a document that will not be put to a vote on the floor of Congress and, technically, does not allow the pages of the country's financial calendar to flip over to 1993. If one interprets the Constitution literally, this puts President Itamar Franco in danger of impeachment, since spending public funds without benefit of a budget appropriation is defined as malfeasance in office. Itamar does this every time he switches on a light. "Since I began working on

this project, I have dealt with three administrations," explains Senator Mansueto de Lavor, PMDB from Pernambuco, the man assigned to put together the budget. "We had the Collor government, the Itamar transition, and now the vice president's service in his own right."

There are other reasons for the delay. The budget is the most complicated task Congress has to face, because of the complexity of the subject matter, the variety of the fields it covers, and the hot dispute among legislators to divide up the $7 billion pie and pass out the pieces to their supporters back home in the form of public works. This year, with 14,000 expense items and the 75,000 amendments already inserted, the task of readying the budget is particularly hellish. To make things worse, the division of the pie is never subjected to any technical standards, and the entire responsibility for this feat of political engineering falls on one man, Mansueto de Lavor. There are 120 members of the budget committee, but in practice, it is the rapporteur who delivers the package to his colleagues so that they may vote on the use of funds totalling some $240 billion (see chart).

Maneuvers

"Mansueto is taking too long, and the citizens are the ones who are losing," charges PT [Workers Party] Deputy Paulo Bernardo, of Parana, one of the authors of the idea to have posters made with the rapporteur's photo and the words "Missing Person," and distribute them around the Congress. Besides approving 6,700 amendments, he talked personally with 415 legislators and heard laments and pleas from all the governors and cabinet ministers before he got to the final steps in his project. He now estimates that he will finish his part of the job on 12 March, almost six months after accepting the position. In a political move, he cut the allocations by the Collor administration that had given Rio de Janeiro $90 million more than the law allows, but made up for it by using his prerogative to guarantee the $60 million that Governor Leonel Brizola wanted for the Red Line. In another maneuver, he and Planning Minister Yeda Crusius came up with an index to correct for inflation that, while it will not scare investors, is not very credible: 24.5 percent a month. In some ways, all this drudgery may come to naught, since everything he so carefully studied could be blown to smithereens by inflation or by the administration's decision to cancel planned expenditures.

The career of Pedro Mansueto de Lavor, 59, a former priest who was ordained in politics in 1978 as a state legislator for the former MDB [Brazilian Democratic Movement], had a meteoric rise until he took on the budget assignment. Backed by the clergy in the Petrolina region of his home state, he was sent to the Chamber in the 1982 election and to the Senate four years later, with the support of names on the left side of Pernambuco politics—Roberto Freire, Jarbas Vasconcelos, and Miguel Arraes, among others. Known among his voters for practicing politics without putting his hand in their pockets, in contrast to the local tradition of "coronelismo," he has not marked with public works the political prestige he has gained in his state. He married after he shed his collar in 1982, and has two children. His performance in the Senate has been discreet and he might have been able to remain anonymous, even though serving as rapporteur, had the government not approved an increase in the corporate income tax late last year. These revenues are the source of the $7 billion that the legislators have to play with.

Where is the Money Going?
How the $240 billion budget is being divided

Debt repayment	49.0%
Health and Social Security	23.0%
States and Cities	9.0%
Housing and Sanitation	4.0%
Armed Forces	3.4%
Education	3.0%
Infrastructure	2.0%
Agriculture	2.0%
Other	4.6%

Included in the above is the 3.24 percent, or $7 billion, that the legislators can rearrange as they choose:

- Some 75,000 amendments were submitted. The rapporteur examined 19,000 and approved 6,700. The budget has 14,000 expense items.
- Mansueto de Lavor received visits from 415 legislators, talked to all the governors, and discussed amendments with the entire Cabinet.
- Completion of the Red Line in Rio de Janeiro will cost $60 million. This was the most expensive amendment offered by the Congress.
- Parana Deputy Max Rosenmann (PFL) [Liberal Front Party], the amendment champ, proposed $50 million in spending, and got 10 percent of what he asked for.

* November Industrial Production Figures Released

93SM0181B Sao Paulo GAZETA MERCANTIL in Portuguese 27 Feb 93 p 20

[Article by Rio correspondent Livia Ferrari]

[Text] Industrial production in Sao Paulo rose by 3.8 percent this past November compared with the same month of 1991, easily exceeding the monthly expansion of only 0.2 percent observed in physical production by industry at the national level. Even so, looking at the January-November 1992 cumulative figure, we find that Sao Paulo industry suffered a 5.7 percent decline in output from the same 11 months of 1991, a rate that is actually slightly higher than the average 5.6 percent drop in Brazilian industrial production nationwide.

These figures come from the regional survey of industrial production for November, released yesterday by the Brazilian Institute of Geography and Statistics (IBGE). The monthly improvement is attributed to November's return to normality on the political scene, which had been seriously affected during the preceding months by uncertainty regarding the presidential succession.

Rio de Janeiro, with a decline of 6.6 percent, and Pernambuco, which slipped by 5.9, percent were the states that made the poorest showing in comparison with the same month of 1991. In the cumulative for the first 11 months of the year, those declines were 5 and 12 percent, respectively.

Brazilian Industrial Production by State/Region
November 1992

State/Region	Change, in Percent		
	Monthly	Cumulative Jan-Nov	Cumulative 12 Months
Brazil, nationwide	0.2	-5.6	-5.4
Northeast	-0.2	-4.7	-4.7
Pernambuco	-5.9	-12.7	-11.4
Bahia	5.5	2.4	1.1
Minas Gerais	-4.2	-5.4	-4.7
Rio de Janeiro	-6.5	-5.0	-4.7
Sao Paulo	3.8	-5.7	-5.6
Southern Region	3.3	-2.7	-2.3
Parana	2.9	-2.3	-1.8
Santa Catarina	-3.4	-4.6	-3.6
Rio Grande do Sul	12.0	0.2	-0.1

Favorable Performance

Meanwhile, the most significant changes in the comparison between November 1992 and November 1991 occurred in Rio Grande do Sul (12 percent), and Bahia (5.5 percent). Those two states, in fact, were the only ones to show increases in the cumulative for the year, at 0.2 percent and 2.4 percent, respectively. The Bahia figure is explained by higher production of petroleum derivatives. The figure for Rio Grande do Sul was the result of fine performance by local agro-industry (11.6 percent), sparked by the bigger harvest and by exports to the Common Market of the South (Mercosur).

In the industries of the Northeast, November produced declines in output in all the indicators (0.2 percent lower on a monthly basis, 4.7 percent lower in the 11- and 12-month cumulatives), in contrast, therefore, to the good performance by Bahia. The only industrial sectors in the Northeast to experience growth in the January-November period were chemicals (2 percent) and extractives (5.2 percent), both heavily influenced by the Bahian industry. Meanwhile, production by Northeastern manufacturers of electrical and communications materials plunged by 29.1 percent, owing particularly to poor performance by plants in Pernambuco.

* Accords To Be Signed in Qichen Visit Discussed

93SM0181C Sao Paulo GAZETA MERCANTIL in Portuguese 2 Mar 93 p 3

[Article by Brasilia correspondent Maria Helena Tachinardi]

[Text] A cooperation protocol to promote participation by Brazilian and Chinese firms in hydroelectric projects, an agreement for joint production of television programs, and an addendum to the economic cooperation agreement signed by the two countries in 1985 are the documents that Foreign Minister Fernando Henrique Cardoso is expected to sign with his counterpart Qian Qichen next Friday.

The Minister of Foreign Relations of the People's Republic of China has embarked on a tour of Latin America in search of new modes of cooperation with Mexico, Brazil, Uruguay, Argentina, and Chile, whose economies, "after experiencing a debt crisis and a period of instability in the past have resumed their normal course," according to a Chinese Government communique distributed by its embassy in Brasilia.

To Itamaraty, the visit by Qian Qichen affords an opportunity for the governments of the two nations to talk about ways to expand trade, which last year neared the $480 million mark, less than half the levels recorded during the mid-1980's. Brazil exported something like $420 million, mainly coffee, iron ore, and lumber, while importing $60 million—chemical products and fabrics, basically. The decline in trade was due to the absence of petroleum on the list of Chinese exports to Brazil, because China no longer has any oil available. Furthermore, in recent years, Peking's economic austerity program caused it to cut back on its foreign purchases. Now, however, its economy is moving full speed ahead (it grew by 12 percent in 1992) and China's foreign trade totalled $165 billion last year, of which $85 billion was exports.

Brazilian businessmen do not know how to exploit the potential of the Chinese market, a diplomatic source told this newspaper. "Brazilian products are 'bought' by China, not exported by Brazil," a government force said wryly, in referring to the "inaction" by Brazilian firms.

Brazil's construction contractors are the most aggressive in pursuing these opportunities. CBPO (Norberto Odebrecht group) and Mendes J.. are bidding, in association with Chinese firms, on a $400 million contract to build a dam that will be financed by Japan's Overseas Economic Cooperation fund (OECF). The results of the competition should be announced in March or April.

Builder Andrade Gutierrez is bidding on a contract, worth $300 million, for another dam. "If these firms win the competitions, Brazil will have a very good chance, over the long term, to share in other hydroelectric projects such as the plant at Tres Gargantas, to be bigger than Itaipu, as well as roads, ports, and airports," a Brazilian diplomatic source commented. Ten days ago, a delegation from the Ministry of Mines and Energy was visiting Peking.

In the field of science and technology, a supplementary protocol to the agreement signed during the Sarney administration is slated to be signed on Friday. The two countries are building two remote sensing satellites that will be launched by China, probably within two years. Last year, Brazil paid up its overdue contribution to the project.

The program will cost $200 million, of which $50 million comes from Brazil. The federal budget now being considered in Congress includes appropriations for the Ministry of Science and Technology and the National Institute of Space Research (INPE), to enable them to meet their commitments with China, the diplomatic source said.

Chile

PRC's Qian Qichen Arrives, Meets With Foreign Minister

PY1203033693 Santiago Television Nacional de Chile Imagen Internacional in Spanish 2330 GMT 11 Mar 93

[Text] Representing more than 1 billion people, Chinese Foreign Minister Qian Qichen today began a brief visit to our country. His objective is to explore possible joint investments in mining, agriculture, and fishing.

The PRC, with an economy that is growing at a rate of 12 percent a year and moving fast toward a so-called socialist market economy, is being projected as the future Asian giant. Its officials have committed themselves to not stopping its development, and to do that they are willing to implement all kinds of measures. For example, in Canton a decision was made to prohibit the use of bicycles, which are used widely by its inhabitants, because the 3 million bicycles are seriously obstructing the quick economic development of the city.

This opening process is also reflected in relations with Chile. Trade has increased in 1992 from $180 to $600 million. The visit by the PRC foreign minister is taking place within this context. Qian Qichen began his activities with a meeting with Chilean Foreign Minister Enrique Silva Cimma.

[Begin Silva recording] China is currently not only interested in increasing the economic trade relations between the two countries, but also in the possibility of investment protection and the establishment of joint investments between Chilean and Chinese businessmen. [end recording]

Colombia

Army Troops Capture FARC Finance Chief

PA1203051993 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 0000 GMT 12 Mar 93

[Text] On 11 March Colombia's military forces continued their attacks on various guerrilla groups, capturing 15 of them in the past few hours.

On 11 March a finance chief of the Revolutionary Armed Forces of Colombia [FARC], in Yondo, Antioquia, was on his way to a ranch where he kept supplies when he was captured by troops from the Nueva Granada aerial battalion. Colonel Luis Favio Garcia explained.

[Begin Garcia recording] We managed to capture the finance chief, who goes by the alias Andres. He is in charge of supplying all of the FARC with ammunition, drugs, provisions, and fuel. He had a radio and a communications code and was the subversive group's bell ringer [campanero]. [end recording]

On the weekend of 5 to 7 March, the same troops located a FARC camp in Cano Don Juan, where 40 guerrillas were playing a game of soccer when the troops attacked them. Area residents said they saw several wounded guerrillas taken away on motor boats.

Provisions, weapons, grenades, and ammunition were left at the camp, but the troops seized several radios and their respective codes, police uniforms, and dental equipment. On the highway the troops found two Colombian Petroleum Enterprise vehicles that had been stolen five months ago. One of them already had been fitted with a system for the placement of explosives which presumably would be used in a terrorist attack against Army troops.

* New Measures To Encourage Guerrilla Desertions

93SM0154A Santa Fe de Bogota EL ESPECTADOR in Spanish 7 Feb 93 p 8A

[Text] Santa Fe de Bogota—With the issuance last Friday, 5 February, of new civil commotion decrees, the national government revealed measures that it had been

hiding. While redoubling counterinsurgency operations by the Armed Forces, the government will also try to destroy the morale of the guerrillas.

By means of the so-called Special Program of Reintegration into Democracy, it is attempting to convince rank and file guerrillas to desert their organizations, although the measures should also be effective in the event that "Tiro Fijo" or Perez the Priest should decide to surrender.

In the view of the military high command, headed by General Ramon Emilio Gil Bermudez, the issuance of these latest decrees answered the need to fight the guerrillas on the psychological level, as well as the physical.

A Special Program

President Cesar Gaviria announced that the new measures allow subversives who desert and surrender to the authorities to receive legal and economic benefits.

The former can go as far as a "full pardon," and the latter can include economic assistance that could amount to several million pesos, while the person is involved in the reintegration process. "Economic assistance would be provided on a one-time basis before the person enters the resocialization program," according to a senior military source.

He also said that the president of the Republic requested that the Armed Forces high command create a "special services program to employ seditious deserters on the country's military bases while their legal situation is being determined, and that they continue working in the garrisons, for reasons of security, even if they no longer have any debts outstanding to the justice system."

To put this plan into effect, it is anticipated that the new benefits offered by the government will significantly increase desertions from the FARC [Revolutionary Armed Forces of Colombia], the ELN [Army of National Liberation] and the dissident wing of the EPL [Popular Liberation Army].

Campaign From the Air

Faced with this challenge, the Armed Forces high command decided to revise its psychological counterinsurgency campaign by printing millions of leaflets and using loudspeaker broadcasts from aircraft and motor vehicles in zones where there is a subversive presence, in order to explain to the guerrilla "everything that he has to gain by coming to a military base and laying down his weapons."

In addition, attempts will be made to win over outlaws with messages of "liberty, family, sentiments of usefulness to society through work, and opportunities for study, so as not to go on damaging the country."

The government had considered offering additional guarantees if deserters came forward in groups, but finally decided that "an event of that magnitude could end up as a kind of negotiation with a rebel organization. It is better for the government to reach agreement with each man separately," a senior official explained.

* FAC Adds Helicopters to Counterinsurgency Program

93SM0154B Santa Fe de Bogota EL ESPECTADOR in Spanish 7 Feb 93 p 7A

[Text] Santa Fe de Bogota—The FAC [Colombian Air Force] has put into effect an ambitious aerial counterinsurgency program.

The announcement was made by the commander of the Colombian Air Force, Major General Alfonso Abondano Alzamora, who reported the purchase of eight UH-1H helicopters, 10 Blackhawk helicopters, and 12 Astron Falcon helicopters. "The first two types are for the support of ground troops, while the Falcons are light aircraft that are used for the primary training of crews. They will arrive in the middle of August," the senior official said.

In an interview with EL ESPECTADOR, Abondano said that, in addition to these 30 aircraft, the FAC will take an important step with the purchase of a fleet of combat helicopters.

"Steps are under way to acquire real combat helicopters, because those that we have now are barely able to serve as gunships. There are several very good models on the market, but they are difficult to acquire because the countries that produce them place many restrictions on their use. First, they have to analyze the military strength of the country buying them to see whether there is a real need. But I think that initially we will bring in about 10 of them." According to Abondano, these helicopters "are much faster, carry more armament and troops, and have better armor protection."

Also, three fixed-wing aircraft OV-10 Broncos will be arriving in Colombia in two months and will join 14 others now assigned to the airbase at Apiay (Meta).

The reported purchase of 10 Soviet helicopters was denied by the general, who said that only AC-130 Hercules transport aircraft are expected to be acquired, through an agreement with the United States.

New Bases

The commander of FAC went on to say that, along with the increase in aircraft, construction of two airbases will begin at Tres Esquinas (Caqueta) and Araracuara (Amazonas).

"The Air Force was only lightly represented in the southern part of the country with the air group at Tres Esquinas that was created because of the conflict with Peru several decades ago. So, we want to increase our presence and, therefore, Air Combat Command 4 will be

created there. They are already building the installations and paving the runway." (The investment will amount to more than $7 million.)

Half of the fleet of OV-10 aircraft, several A-37 bombers, and transport aircraft will be relocated to this site. "Furthermore, we are going to organize an air group in Araracuara, assigned to the Unified Southern Command, that will employ small aircraft equipped with pontoons, which were acquired to operate in all the rivers of Amazonia. That base will have from five to 10 pilots and, like Tres Esquinas, will represent a new center of development for the region. We will need manpower, and we will facilitate the shipment of products into and out of the area," General Abondano explained.

This means that support for the Army and the Navy will improve, according to Abondano Alzamora, and that because of the increase in antiguerrilla operations and the arrival of new aircraft, all of the military pilots who work for the state airline, Satena, will be withdrawn gradually to carry out missions of public order.

An additional measure is daytime and nighttime overflight—the latter using infrared equipment—of the national oil pipeline network, to prevent sabotage.

Finally, the commander of the FAC said that after analyzing the failures of military procedures that allowed the escape of Pablo Escobar, several changes were made to enable more rapid air operations to be carried out. "One or two crews will be on duty 24 hours a day; they will not be quartered one hour away from the airport, but in the terminal itself, or adjacent to it."

[Box, p 7A]

FAC Support in 1992 (in flight hours)

For the Army: 15,439 hours, carrying 117,420 passengers, and 4,344,582 kilos of cargo.

For the Navy: 400 hours, 4,824 passengers, and 378,810 kilos of cargo.

For the FAC: 12,148 hours, 35,242 passengers, and 2,498,492 kilos of cargo.

For the police: 269 hours, 2,769 passengers, and 160,613 kilos of cargo.

For the government: 1,438 hours, 9,465 passengers, and 486,161 kilos of cargo.

Peru

Congress Approves Promulgation Powers for President

PA1203041493 Lima Radio Programas del Peru Network in Spanish 1700 GMT 11 Mar 93

[Interview with Congressman Chirino Soto by reporter Eduardo Lindo at the Democratic Constituent Congress in Lima--live]

[Text] [Lindo] The Democratic Constituent Congress Constitution Commission has just finished its discussions. Before adjourning, the commission approved Article 193 of the Constitution, by which the president is authorized to promulgate part of a law the Congress has not sanctioned... [pauses] that he has not sanctioned, that is. Before, the president could only sanction—not promulgate—that part of a law approved by Congress, and return the whole law to Congress. This has been changed. We will now ask Congressman Enrique Chirinos Soto to explain the implications of this article.

[Chirinos] I believe this is a key article in which we have expressly stated what was implicitly contained in the 1979 Constitution. The Constitution used to say the president could sanction part or all of a law approved by Congress. We have now expanded that to state that the president can promulgate that part of a law approved by the Congress which he has sanctioned and can return that part which he has not. This is all part of the balance of powers, as Congress can impose its will over the president's veto if a majority—half plus one of the total legal number of members--so decides.

[Lindo] How is this important in regard to the balance of powers in light of what happened on 5 April 1992?

[Chirinos] The origin of the 5 April coup lies in this article of the Constitution. The Congress ignored the president's right to sanction the Budget Law, and his right to sanction part of it. I would say we have deactivated the coup d'etat bomb. There will be no more coups for that reason, although I cannot say the same about any other reasons.

[Lindo] Thank you Congressman Enrique Chirinos Soto.

Uruguay

* Government Approves 1993-94 Spending Cuts

* Salaries Exempted

93SM0160A Montevideo BUSQUEDA in Spanish 4 Feb 93 p 15

[Text] The administration began spelling out steps this week to reduce the expected budget deficit this year, among them a 10 percent cut from the level of actual 1992 government spending (some $20 million). The steps, which were hammered out with the IMF technical mission that has been in Uruguay in recent days, are enough to bridge a budget gap equivalent to around one percent of the GDP [gross domestic product] (some $110 million), BUSQUEDA has learned, but a shortfall of some 0.4 percent of the GDP remains to be eliminated.

Optimism

The IMF mission was optimistic that the goals of a balanced budget and 30 percent inflation could be achieved this year. The specialists from the international agency completed their work in our country yesterday

after analyzing last year's numbers, the great majority of which exceeded the targets set in the program, and the projections for 1993. Both measures to cut spending and ways of enhancing revenues were looked into.

The IMF officials raised several points with the Uruguayan authorities: concern over the "reheating" of the economy, which the experts see as a negative in curbing inflation; and the future problems that could arise if interest rates increase on the world market. As a result, the economic program that Uruguay has drafted for 1993 assumes that the average interest rate on its foreign debt (basically the 12-month LIBOR [London Interbank Offered Rate] rate) will be 4.2 percent, up 0.5 percent from the current level.

The IMF officials also told the Uruguayan authorities that the remaining budget gap of $35-40 million must be closed "so that Uruguay can continue bringing down inflation and post sustained economic growth for the rest of the year."

Uruguay's future ties with the IMF, after the current standby agreement expires on 31 March, were another issue analyzed with the group of experts from the organization, headed by Brian Stuart. In any case, the particulars, the negotiation of the program, and the goals will be spelled out in May when another IMF mission arrives.

Spending Cuts

On Tuesday the second, the Council of Ministers, meeting in a full session with President Luis A. Lacalle, approved a decree limiting central government spending in 1993 and 1994 to 90 percent of 1992 outlays. This cut applies to all supplies, travel, per diems, telephone expenses, services, etc., in the 11 ministries and the Office of President of the Republic, but does not apply to salaries. According to official sources, the nation's General Accounting Office estimates that this cut will mean $20 million a year less in outlays; it will be complemented with other measures to abolish spending units.

The decree, which is based on provisions in the Accountability Law, establishes quarterly appropriations for the various departments, which can use them only during that quarter.

The ministers must submit their program of spending cuts before 31 March; otherwise, the Accounting Office will make the necessary reductions on its own.

* Economy Minister Prevails

93SM0160B Montevideo BUSQUEDA in Spanish 4 Feb 93 p 1

[Text] The administration's decision to cut government spending prompted an argument on Tuesday the second between Interior Minister Juan A. Ramirez and Economy Minister Ignacio de Posadas, the two main Herrera-faction ministers [of the Blanco Party] in President Luis A. Lacalle's cabinet.

The Council of Ministers, which the chief of state had convoked, spent three hours on Tuesday afternoon analyzing what sort of major cuts in public spending government agencies could make to "finance wage hikes" and "maintain stability."

Administration sources told BUSQUEDA that De Posadas submitted a report on the issue to his colleagues, asked them to be particularly responsive in this regard, and urged them to close offices and cut personnel by enforcing the laws on retirement incentives. He also asked each ministry to submit by the 28th of this month a detailed report with steps that could be taken to cut outlays.

Ramirez, who heads a ministry that has been jolted lately by wage issues, then spoke up and voiced his strong disagreement, saying that, on the one hand, he is being asked to cut spending drastically and, on the other, to show results in public safety. He said that submission of the plan that De Posadas has called for needs to be postponed one month.

Lacalle supported the proposals of the economic team but did not side with either of the two positions voiced at the meeting. The decree that the Executive Branch issued yesterday, Wednesday, took Ramirez's wishes into account.

Sources said, nonetheless, that "the cabinet meeting was a victory for the Economy Ministry because the decree that was approved makes the other ministries more dependent on it."

Venezuela

University Students, Police Clash in Caracas

PA1103195893 Paris AFP in Spanish 1818 GMT 11 Mar 93

[Text] Caracas, 11 Mar (AFP)—The Federation of University Centers [Federacion de Centros Universitarios] (FCU) has declared itself on a state of emergency following a violent attack by police, an FCU spokesmen at the Venezuelan Central University in Caracas told AFP. According to the spokesmen, police surrounded the university campus and fired .38 caliber bullets at three students and attacked several workers who were at one of the university's gates.

"We hold the government responsible for responding with violence to the demands by the university community, which has been holding peaceful demonstrations to demand a solution to the fiscal deficit affecting all the universities and amnesty for all those jailed for their involvement in the coup attempts of 4 February and 27 November," student leader Luis Crespo told AFP. Crespo attributed the disturbances on 11 March to "provocations by the police, who want to blame the student movement for a commando-style operation that

ended with the burning of a truck on the Francisco Fajardo Freeway," which crosses Caracas from east to west.

The students also charged that 10 students at Carabobo University, located in the country's central region, who have been jailed since the November coup attempt were transferred the night of 10 March to the Caracas headquarters of the Directorate of Intelligence and Prevention Services, where they are being held incommunicado.

Since early in the morning, Caracas has been rocked by disturbances, which the police repress with tear gas, bird shot, and water cannons. Demonstrations also erupted in Charallave, located 45 km southwest of Caracas. Since Monday, 8 March, several cities have had skirmishes between students and police that have left a toll of two students and one businessman dead.

Court Annuls President's Decree on Coupists' Trial

PA1203021193 Caracas Venezolana de Television Network in Spanish 2350 GMT 11 Mar 93

[Text] On 11 March the Supreme Court of Justice approved a motion from Justice Josefina Calcano. The motion had to do with Presidential Decree No. 2,669.

The motion from Justice Calcano, chairman of the Political and Administrative Court, establishes the nullity of the presidential decree that orders a special trial for all people involved in the 27 November 1992 coup attempt.

The motion was approved with nine votes in favor and six abstentions.

Now a court martial will initiate the trials.

Attorney General Seeks Inquest Against President

PA1203025393 Caracas Venezolana de Television Network in Spanish 2350 GMT 11 Mar 93

[Text] On 11 March Attorney General Ramon Escovar asked at the Supreme Court of Justice that an inquest be held, based on merit, against the president, former Interior Minister Alejandro Izaguirre, and Presidency Minister Reynaldo Figueredo.

The prosecutor believes that reports issued by the Comptroller General's Office, the Central Bank of Venezuela, and the congressional Comptrollership Commissions, and investigations by his own office, contain evidence that indicates charges should be filed against the three.

Interior Minister Jesus Ramon Carmona has rejected this decision by the attorney general. He characterized it as entrapping, unexpected, and somber. Carmona said this act by Attorney General Ramon Escovar caught him by surprise, considering that none of the state institutions that know about the secret account has spoken about it. The minister said the prosecutor must have solid evidence as a basis on which to file such a request. He must also be able to use mechanisms more efficient than those used by Superior Court of Protection and by the congressional Comptrollership Commission.

[Begin recording] [Carmona] The prosecutor is acting so quickly that we are led to believe that he has evidence that neither Congress not the Superior Court of Protection has.

[Reporter] What is the Executive Branch going to do about this request from the attorney general?

[Carmona] The Executive Branch functions within the framework of the law. The chief of state will issue the necessary statement. Procedures will have to take place in line with the law. The Supreme Court of Justice is facing a big responsibility. [end recording]

Supporters of Coupist Leader, Perez Clash Near Congress

PA1103180993 Paris AFP in Spanish 1704 GMT 11 Mar 93

[Text] Caracas—[no dateline as received] [words indistinct] of Lieutenant Colonel Hugo Chavez and President Carlos Andres Perez clashed in front of the Congress building on 11 March when the president was addressing Congress, an AFP reporter, who was nearby, confirmed.

"Democratic Action [AD] (Perez' ruling party) is in the streets," "AD is not afraid," Perez' supporters shouted. The supporters of coupist leader Lt. Col. Hugo Chavez shouted: "Democracy, democracy" and "viva Chavez."

Emotions heated up to the point that supporters of Chavez and Perez attacked each other.

They hurled rocks at each other until the police dispersed everyone using bird shot.

The incidents took place amid tight security operations implemented in the Congress building and nearby areas. Soldiers were even positioned on the rooftops and balconies of nearby buildings.

Defense Minister Comments on Coup Repeat Rumors

PA1203030993 Caracas Venezolana de Television Network in Spanish 2350 GMT 11 Mar 93

[Report by Milagros Rodriguez from Miraflores Presidential Palace—recorded]

[Text] Defense Minister General Ivan Dario Jimenez Sanchez mentioned rumors that have circulated throughout the country for the past few days over the possibility of a repetition of the 27 November and 4 February events. He said the following:

[Begin Jimenez recording] Under the current unstable conditions, there can be no guarantees. For my part, as defense minister and commander, I can guarantee that we will do everything possible for this not to take place. [end recording]

It is worth mentioning that the defense minister made these comments at Miraflores Palace after a meeting with the president and the military high command.

Asked about the Supreme Court's decision to repeal the decree that establishes the special [extrasumariales] trials for the military officers involved in the 27 November incidents, Jimenez would only reply that he had to read the text of the decision before stating an opinion.

President Delivers State of the Nation Address

Opposition Members Walk Out

PA1203020693 Caracas Venezolana de Television Network in Spanish 2350 GMT 11 Mar 93

[Text] Moments before President Carlos Andres Perez delivered his report on the fourth year of his administration, senators and deputies of the Movement Toward Socialism [MAS] left the Senate. This decision by the MAS legislators was no surprise to President Carlos Andres Perez. On ending his speech, he told reporters that what happened at the Senate is a return to the past. Calmly, President Perez commented on the MAS action and said that he had experienced this before.

[Begin Perez recording] I was part of a similar action 30 years ago. Those who left the Chamber of Deputies at that time, when I arrived from the Interior Ministry and from fighting the guerrillas, were the same people and the same group who left the Senate today. [end recording]

Perez Delivers Address

PA1203000093 Caracas Venezolana de Television Network in Spanish 1449 GMT 11 Mar 93

[State of the nation address by President Carlos Andres Perez at a joint session of Congress in Caracas—live]

[Text] President and Vice President of the Congress; President and Magistrate of the Judiciary Council; former President of the Government Junta; Senators and Deputies of the Congress of the Republic; Ministers of the Executive Cabinet; Messrs. Ambassadors; honorable Charge d'Affaires of friendly countries; Representatives of international organizations; Governor of the Federal District; Comptroller General; Attorney General; General Officers and Admirals of the Military High Command; and Venezuelans: [audience jeers throughout previous paragraph]

I am here for the fourth time to comply with the Constitution and my democratic spirit by presenting an account of my efforts in 1992. This is a propitious moment to reflect on the [illegible] orrisome reappearance in the national political scene in 1992 of a dilemma we thought we had definitely overcome. I am talking about the attempt to impose barbarism over democracy.

This is an indispensable reflection. I think it is necessary to recall the country's experiences in its unrenounceable task of defending the people's right to choose their own fate. This is a timely reflection because we are facing similar circumstances. In his fourth presidential message, in the first period of democracy, President Romulo Betancourt expressed regret for: Begin quote, the acrimonious tone, verbal attacks, and irascibility displayed in mutual accusations, end quote. And I asked the leaders, begin quote, to always express themselves in a language capable of winning sympathy and supporters and not a language that would promote rancor and agitate the subconsciousness of violence that our country's unfortunate history has left in our people, end quote.

We have warned about this on several occasions in this seventh period of democracy in view of a situation that suggests to us that this kind of language and inclination to use verbal violence and pessimistic messages are still present in the nation's life.

Tradition has turned the yearly presidential message into a recount of the projects completed during the previous year, but the country's circumstances impose changes even in this custom. The other traditional aspects of the message are to be found in the statement the president submits on this opportunity for the consideration of the Congress. This government has been placed at the heart of the most acute shift the country has experienced this century. This profound change has been the product of numerous factors, which I can say was no longer possible or desirable to continue as we were. It was a rupture with the way of living of society, the government, the parties, public and private institutions, and citizens. It was not like it was before. Nothing will ever be like it is today. That is the nature of the process of changes in which forces that cannot be controlled are unleashed. It is, however, the only way to end acts and practices that are not in step with the changes the country requires.

I have always insisted this trajectory was—indeed it is—basically very difficult and lonely. With the commitment with which I took office as president for the second time, we untied the knots that had kept the old society on a stabilized pattern and opened the path to this new era. Changes derailed the old system, while we were unable to reach a new point of equilibrium in such a short period. That is how societies are transformed. Old practices become obsolete and the new ones fail to be defined quickly. That is why we are experiencing a difficult and costly transition full of imponderables and marked by questions.

It is not my purpose to hide mistakes and flaws. There is no doubt, however, that in Venezuela a period of economic, political, social, and cultural transformations that were unthinkable a few years ago have become intensified. All the Venezuelan democratic governments have constituted major achievements but all of them, my first government included, worked under the framework of a system of relations of power marked by oil profits. When I took office for the second time, the setting

required that we open the gates to transformation. I had no alternative but to do it and I took the responsibility it entailed.

Institutions docile to the government no longer exist. Congress, the Judiciary Council and watchdog, controlling, and electoral organizations, as well as the state and municipal entities and private institutions, know they are participating in a social power that is real and effective. I was unaware of their full scope when I took office, but I did have a clear intuition that we were headed toward a profound transformation. I confess I did not imagine it would be as traumatic and harsh, but I did know it would not be easy. Not even my worst adversaries can deny the role I have played and am playing in the country's essential transformation.

I am proud of having demolished the barriers that prevented the emergence of a new Venezuela. I know those changes, as often occurs when changes are important, have victims. I know many transformations I have helped carry forward have created a country that demands explanations from its leaders for past mistakes and for mistakes that persist today. As president of the Republic, I am the favorite target for those demands. I am not denying that I have flaws or that I have made mistakes in my life. I have made mistakes and I still make them. None of those mistakes, however, involve dishonest actions or any criminal activity. Nevertheless, I understand that when it comes to shattering people's honesty, even the president, who embodies the transition, is represented as a vestige of the old order. I, who have opened the floodgates, am often accused of closing them. I, who have confronted all the challenges for the modernization of the country, am the object of sharp confrontation. Very calmly and without boasting at all, I can say that I am assuming this is the case as a natural fact. I have reached the conclusion that it is a fatality. This is the time in which societies demand explanations, and I am doing so because of the history I inherit, for my own actions, and in the name of the future. What happens is that a society can never plan the outcome of its crisis, as if it were a technocratic operation.

A country emerges from crises with crises. Some of the sharpest aspects of a crisis may be resolved, but others may grow more intense, giving the impression that the crisis is intensifying, wearing on, and increasing, but complex situations are never, never easily resolved. If we add to that situation human errors of leadership and evaluation, we will have the means to understand what is happening.

The pledge I made to Venezuela at the beginning of my mandate in 1989 was not only to defend democracy but to dismantle the patterns of former policies to modernize Venezuela and guarantee the conditions that would allow sustainable growth and ensure the future well-being of the Venezuelan people.

Beyond political diatribe, I am certain that most Venezuelans agree with the strategy of development that inspires my government's actions. We believe in the need for both foreign and domestic openness that will allow Venezuela to resume its international activities to its advantage and make efficient use of its human, natural, and institutional resources to support authentic, lasting national development.

The state should make guaranteeing equality of opportunity a priority by providing social services that will allow us to increase our human capital through education and to safeguard it from hunger and illness. That is what heads of state have always offered but never fulfilled.

To truly accomplish that, we decided to restructure the state by legitimizing local and regional governments by way of a vote and by giving those new authorities control over the main public services. We will realize those goals, but it will not be free or in the short term. To finance them with a diminished oil income requires the convergence of four strategies: First, the state must unburden itself by privatizing activities and institutions that the national and foreign private sectors can carry out efficiently; second, the state should charge for the goods and services it produces, making special concessions to lower-income Venezuelans; third, the use of public resources should be governed by austerity and efficiency. Excessive spending should be eliminated and state institutions should be restructured so each bolivar administered by the public treasury will have a maximum social impact. Fourth, society must contribute to collective expenses through an efficient and fair tax system without renouncing, of course, a strong state that will effectively participate in the appropriate areas, free itself of activities that hinder the private sector's free play and initiative, and temper arbitrariness and prepotency with discretion in decisionmaking.

All this must be done, of course, without relinquishing ownership of the basic and strategic companies that are the indispensable guarantees of the nation's economic sovereignty. This creates a democratic nation that allows the authentic interaction of free enterprise without oligopolistic and monopolistic structures. I truly believe there is basic agreement in Venezuela about how to pursue the nation's destiny. The basic outlines of this agreement are economic openness, commitment to the social sectors, broadening of democracy, decentralization, privatization, and balanced and just management of public funds. These things have already been set out in a group of laws approved by the current Congress in this constitutional period, which are the restoration of economic guarantees and the complementary laws on consumer protection; protection for free competition; protection against disloyal trade practices; ratification of Venezuela's membership in GATT; reform of the electoral law, the law on election and removal of governors, the transfer of duties law, the privatization law, and the law on public bids; reform of the basic budget law, of public credit, and of the Central Bank; and the approval of a new basic tax code.

This adaptation of the legal framework of the new economic strategy reflects the broadness of the agreement. These laws were approved by an overwhelming majority in a Congress in which the ruling party is a minority. These strategies, which are widely shared, guided my administration's actions during 1992 and will continue to guide Venezuela in the current decade.

Despite all these efforts, we continue to be in a very complex political situation. The year 1992 was one of unique and stunning events caused primarily by attacks on the democratic institutions on 4 February and 27 November and the crises that occurred simultaneously with those attempts.

The Armed Forces saw the crisis show its face amid its ranks when groups of officers, violating their constitutional and institutional oath in alliance with civilian sectors, promoted the violent and bloody interruption of democratic rule. The attacks were allegedly to rescue true democracy, fight corruption, and promote reforms that had not yet been implemented. Those ideas could not be further from reality or from a healthy purpose. Democracy is fortunately a government that guarantees its own correction. Its defects, which do exist, can never be used against a government of freedom to destroy a nation's institutional values.

History teaches us that such attempts to overthrow a government always lead to tyranny and authoritarianism. When a society abandons its state of law and turns away from the means democracy offers to solve its problems, the new parameters that arise always respond to the individual wills of those who, without being elected, take the nation's helm. From that moment on there is nothing left but force, and anything becomes legal in force's name. Democracy, on the other hand, forges means, balanced systems, and countermeasures that prevent any will from becoming absolute, any one institution from subjugating the others. Above all, it allows public opinion to be heard in its criticism and demands.

There was an enormous fallacy in this call to fight corruption: There is no act more corrupt than that that insurgency carries out against the nation's institutions.

That means the rebels are incapable of respecting their superiors, keeping their oaths, and maintaining the Republic's weapons for the collective purpose for which they were intended: to protect and defend the nation. They want to enjoy for their own personal or group interests the people's goods that have been entrusted to them to carry out and guard the purposes clearly established in the Constitution and the laws of the Republic. The coupists invoke the need for change and the failure to keep the commitments made in the plans to reform the state. That is another fallacy.

The reform process is making headway in Venezuela. A specific and radical expression can be seen in the elections held on 6 December 1992. On that occasion the Venezuelan people exercised their right to elect governors and mayors for the second time and showed they were aware of the tremendous constitutional weapon they held in their hands. Profound and peaceful change is possible only in a democracy. [applause] Let us take the controversial example of the struggle for the direct vote, something that I actively support, although I am aware that it is the object of reservations and confrontations among the congressional groups. This shows that the people are becoming aware of its significance during the process to achieve it.

People are maturing in terms of their awareness of the results that this system can achieve and it is becoming an essential part of the country's political culture. It would be very different if this objective stemmed from an imposition by the powers that be. In that case, it would have the flavor of something alien and imposed. The way something is achieved in a society is as important as the achievement itself because the means will determine whether the achievement is a factor for democratic growth.

In an autocratic regime there cannot be a pluralist climate where everyone, even those who openly reject democracy, is given an opportunity to say what he wants and reach his own conclusions. This is the reality that exists in a democracy. It has been said that this is a contradiction of democracy. I believe it is the merit of democracy as it forces people to exchange the use of force for the use of reason. I am aware of the attempt to create the impression that all state branches, political parties, and political, economic, and social leaders are corrupt, or in any case are unconcerned about the country's demands.

There are multiple reasons for this process. It is true that it is related to the undemocratic discourse of some. It is true that it is related to the erosive, permanent, and abrasive actions against people and institutions. I, of course, am the favorite target. I am not one of those who think one must always pay attention to surveys. If someone governs based on surveys, it would be better for him to abandon his mission and devote himself to the irresponsible practice of demagoguery.

No survey will reveal that people want to pay taxes or are ready to be fired from their jobs, even if it is to restructure the company that employs them. A leader must keep this clearly in mind. The political parties, which are the creators of the most important changes in Venezuela, are now temporarily dejected due to the same dynamic process they helped create. We must understand this. It constitutes the expression of a society that has set its course for modernization and reform. This is something to which all sectors must respond. The political parties must be the first to do it so they can fully recover their capacity to shape public opinion.

The reforms pact signed by the political parties and the government provides irritating evidence of the contradictions that exist in Venezuela. Commitments acquired

through that pact remain unfulfilled. Do we really have to ask ourselves why the people see their leaders, the government, the political parties, and institutions, without exception, with skepticism?

It is necessary to realize that modernization efforts collide with habits, routine, and decades of economic, political, and social privileges.

The peaceful change of this reality is not an easy task because resistance is fierce. Many times this resistance is clear and simple. It comes from people defending their privileges. Other times, the resistance acquires tortuous forms, seeking to cover it up with ideology. In this case, it is argued that this or that measure is negative for the country when in fact it affects the interests of some privileged individuals of the past and present. The irresponsibility that accompanies these interests and old frustrations seeking revenge have not gauged the harm done to the country by playing with our country's credibility in the world and by risking the confidence that enterprising Venezuelans have placed in Venezuela's future.

Those who have adopted the conduct of bitter criticism and of creating scandals without grounds have not stopped to think. This has led to a climate that is skillfully used by the subversive groups, always present in our people's history, which hide behind political struggles to encourage and promote violent activities to create impossible situations of subversion and overthrow democracy. Behind them are the now unemployed theoreticians of Marxism Leninism who provide diligent advisory services. [applause] They are expert in fabricating rumors to maintain unrest and uneasiness among the national community. If they are unable to achieve their objectives, they create situations of violence that spark street disturbances and the destruction of public property, especially affecting transportation. Unfortunately, this has regrettable effects on the citizens' peace of mind and has international repercussions.

Fortunately, the country has given clear responses, which reflect our economy's potential for growth and the democratic roots of our society. In this achievement, the government's firmness in maintaining the economic course has been decisive. Wavering has not been my conduct. It would have brought greater uncertainty and distrust in the country, deepening the negative consequences of the reduction of the oil revenue.

In conclusion, 1992 has been one of the most difficult ever faced by a president during the democratic history of Venezuela. Deep down, our society is experiencing a great change for which there is no cultural preparation. The changes go far beyond the collective understanding of the people and of the majority of their leaders. This is nothing but the truth. For this reason, we must make a formidable effort to modernize Venezuelan society culturally so that alongside the demand for change, there will be a mature society to administer the implementation of these changes and their effects.

It would be useless, for example, if this beautiful and decisive process of decentralization, which we have begun under my administration, were to evolve in time to new practices of influence peddling and to an excessive increase in payrolls or inefficiency, when those are precisely the problems that decentralization seeks to resolve firmly. We need to change the country but above all to change Venezuelans' attitude toward ourselves and achievements. Few times have there been in the history of peoples and of Venezuela a society like ours, which is so negative regarding itself. This underestimation of what we do and what we are is what leads to harming the good things and to the nondevelopment of our possibilities.

For the rest, we experienced a year in which the world economy was in crisis, resulting in a big decline in the prices of most of the products that Venezuela exports or wants to develop. This was not only the case regarding oil. The drop in its price meant an approximately 2.6-billion-bolivares [corrects himself] dollars reduction in fiscal revenues, creating great pressure on the budget. This was also the case regarding the prices of aluminum, steel, petrochemical products, and coal.

We did not react languidly to this drop in income. We based our actions on four strategies that are the foundation of a financially viable state: austerity, privatization, realistic prices, and tax reforms.

We made big efforts to reduce public expenditures. We reduced the 1992 budget by approximately $1 billion, which represented a 6.7 percent reduction in government expenditures compared to the 1991 budget. We did it in spite of the rigid characteristics of the national budget.

We accompanied this effort with the austerity plan that I announced on 29 August 1992. That plan was based on a freeze of public posts and a reduction of superfluous expenditures. I appointed Dr. Alberto Quiros Corradi, a prestigious and renowned gentleman, as high commissioner in charge of evaluating the program. He has publicly stated that we are complying with the announced program.

As part of an effort to make the central administration more coherent, we implemented an agenda for liquidating or restructuring public entities. It must be mentioned that some of the entities being liquidated are the National Institute of Sanitation Works, the National Port Institute, the Municipal Institute for Urban Cleanliness, the Agricultural and Livestock Development Bank, and Corpooccidente [expansion unknown].

In cases involving restructuring, emphasis was placed on redefining the mission and organizational profile of the entities. In addition, there was a radical personnel reduction in line with the program's objectives.

The most important restructuring work initiated in 1992 involved the National Racetrack Institute, the National Housing Institute, the National Telephone Company of Venezuela [CANTV], Ipostel [not further identified], the

National Agrarian Institute, Venezolana de Television Network, ICAB [International Council of Bullfighting Fund], the Corporation for the Development of Small and Medium Industry, (Fonayab) [expansion unknown], Concafe [National Coffee Commission Fund], Concacao [expansion unknown], the Agricultural and Livestock Ministry, the Development Ministry, and the Venezuelan Social Security Institute.

These restructuring and liquidation processes will result in the elimination of 90,000 jobs.

In 1992, during the process of redefining the state's role, we maintained our policy of transferring sectors that previously were under state control to the private sector. That strategy was pursued by selling 10 enterprises, including four hotels, three sugar mills, and two manufacturing enterprises.

That strategy was also implemented by transferring projects to the private sector that the state would have had to carry out. That is the case of small oil fields, the expansion of the petrochemical sector, the Guayana Iron and Steel Complex pipe plant, and Port Venezuela.

CANTV, the most important privatized enterprise, demonstrates that possibilities for investment and new technology appear where the private sector places its resources. In 1992 alone that enterprise invested $500 million, which is the same amount it invested over the past decade when it was still owned by the state. As a result of that investment, 413,000 new lines were installed, 210,000 people became new clients, and the number of public telephones increased by 170 percent.

The state would never have accomplished this expansion without making considerable sacrifices in other social objectives. The importance this process represents to the country must lead us to improve the legislation that accompanies it. In that respect, what is now required is a prompt approval of the privatization bill reforms that have already been passed by the Senate.

Much has already been said about the need to increase current tax revenues before implementing new taxes. It is important to highlight the 73 percent increase in government revenues derived from sources other than crude oil. Those revenues amounted to 239 billion [currency not specified] in 1992, which came about as a result of the approval of the tax code reform and the launching of the Finance Ministry modernization process. My administration followed strategies of austerity, concessions, ministry reorganization, spending cuts, and improved revenue collections in 1992 to cope with the drastic fall in crude oil fiscal revenues, which amounted to 6.7 percent of GNP [gross national product]. As a result of that effort, the fiscal deficit increased to only 2 percent of GNP.

It is important to acknowledge the enormous adjustments made by the Venezuelan Petroleum Corporation [Petroven] in its investments program, which meant preserving its strategic investments and cuts amounting to $1.5 billion. Therefore, despite the tremendous fiscal and financial external restrictions, as well as the political uncertainty, the economy maintained a growth rate that exceeded 7.5 percent for the third consecutive year. The private sector played a key role in this because it brought about more employment and resources. The private sector grew by 13.5 percent and provided employment for more than 230,000 new workers. On the other hand, the public sector barely grew by 1.5 percent.

Amid this delicate fiscal and political situation, we received the support of foreign investors in the form of a 60 percent increase in investment amounting to $812 million in 1992, chiefly in the petrochemical, agroindustrial, and service sectors. This is evidence of the impact of the reforms undertaken in foreign investment legislation and in economic activity in general.

Inflation control, a central objective of the 1992 economic program, was blocked by the financial difficulties, political uncertainty, and weaknesses inherent in the alternate mechanisms to elicit more wages in the public sector, which would have compensated for the drastic revenue cuts originating in the petroleum sector. Nevertheless, inflation was held constant. It did not increase but maintained the same 31 percent rate as during 1991. We should not be satisfied with these results because inflation continues to be the main economic challenge we face. I will only find adequate answers in the creation of adequate mechanisms that allow us to finance our fiscal deficit in a stable and permanent manner.

Contrary to the lags observed in the aforementioned area, the economic opening received a definite boost relating to the integration process with the implementation of the Andean Pact. This pact enabled the Colombian-Venezuelan free trade zone to begin operating in January 1992, as well as the adoption of a common customs tariff that unifies the regional tariff structure with that of the rest of the world. In March 1992, the customs tariff upper limit was reduced from 30 to 20 percent. In addition, barriers to foreign trade were eliminated when required quotas and permits in effect at the time were finally eliminated. As a result of this integration strategy, we were able to double our exports to the other Andean countries between 1989 and 1992. Over the past year, nontraditional exports to Colombia increased by 63 percent, transforming that country into the second market for Venezuela's nonpetroleum products. The importance of these regional initiatives prompted us during this past year to accelerate the Group of Three negotiations and reschedule for an earlier date negotiations with the United States related to investment protection, copyrights, double taxation, and subsidies.

Internal opening led not only to the creation of a legal framework that would efficiently regulate all markets but also to the rise of new responsibilities for the state. For that reason, we directed our best efforts at accelerating the establishment of institutions that would assume these duties through the use of laws approved by this

Congress. Agencies such as the Competition Superintendency, the Antidumping Commission, the Venezuelan Consumer Institute [IVC], and Conatel [National Telecommunications Commission] were established.

These new regulatory bodies establish the appropriate channels for producers and consumers to lodge their complaints, radically changing the communication links with the state and the degree of the state's discretion in the markets.

The legal framework of the pharmaceutical business was reformed, expediting the procedures for registering and selling medicines, thus opening the industry to new competitors and offering better opportunities for consumers in this sensitive, critical sector.

The growth cannot be denied and it has broadly surpassed our expectations. Growth is a necessary requirement for progress in the social field. Better-paying jobs are generated thanks to ever-increasing economic expansion, thus increasing opportunities, especially for manual workers. Even though growth is necessary, it is insufficient on its own to guarantee social well-being, the goal of an economic development strategy.

It is for this reason that during my administration we have used budgetary opportunities to finance the expansion of social programs thanks to austerity, privatization, and realistic prices.

My government's commitment toward this vision of the state's social role is clearly seen in the fact that social expenditures are the only expenditures that have grown substantially between 1989 and 1992: a 49 percent increase in real terms. Within these expenditures we must highlight the new direct transfer programs to the most vulnerable sectors of the population. The programs that are distributed through the education system such as food stamps, milk, and school supply coupons have benefited 3 million children. The maternal-infant program, PAMI [Comprehensive Medical Assistance Plan], has been extended throughout the country to cover 1,206 mothers and 1.2 million children. The day-care center program grew noticeably and includes up to 250,000 children. In addition, 258 new school cafeterias were built.

But that is not all. Foncofin [expansion unknown] attended 6,096 small businesses. The program of salary scholarships will create jobs for 100,000 youths in 1993. The Great Marshall's of Ayacucho Foundation was boosted through a 4.138 billion-bolivar contribution. [applause]

Cold numbers conceal the impressive effort this expansion has required. The cooperation of the financial system and nongovernmental organizations has been fundamental to attaining this achievement. The numbers also conceal the long-term impact of these programs. The noticeable reduction in school dropouts we see today will translate tomorrow into a work force with more schooling and higher income, thus breaking the poverty cycle.

Health supervision of pregnant mothers and infants, thanks to PAMI, is already showing a drop in hunger indicators such as low birth weight and shorter heights. Day-care centers allow mothers to work, thus increasing family income. There will now be more day-care centers following a decree stating that businesses with more than 20 workers must provide day-care centers or use the government supplied centers or the multihome systems; a host of benefits that silently are transforming the social profile.

Funds obtained through privatization also allowed a substantial increase in investment programs for water and drainage systems, dramatically reducing the characteristic water shortage. We are aware that the challenge is to improve the quality and coverage of basic services: education and health. In 1992 we significantly moved ahead with loans through multilateral banking to strengthen these sectors. The next administration will have the opportunity to use the funds that my government negotiated. Nevertheless, to improve quality, in addition to funds, one needs to make administrative and political controls of these services more accessible to the voters by transferring power to governors and mayors. Decentralization, a central element in our strategy to redesign the state and deepen democracy, played an important role in 1992.

An ambitious institutional transformation program was undertaken through restructuring and decentralization. It included the preparation of agreements for the transfer of health services to five states and the decentralization of public services by regionalizing the hydrological enterprises and the Electrical Administration and Development Corporation [Cadafe]. In addition, Port Undareta and the ports and airports of Sulia, Carabobo, and Nueva Esparta States were transferred to their respective state governments.

To ensure the success of these decentralization processes, we provided technical and financial support by creating and strengthening specialized organizations such as the National Tourism Fund [Fontur], which has duties in the area of urban transportation; Foinsol [expansion unknown] and Fonvis [Venezuelan Social Investment Fund] to guarantee the efficient execution of the local investment; and Fondacomun, which has important duties in equipping neighborhoods.

I have completed a year in office during which the efforts undertaken to fulfill the development strategy we promised the Venezuelan people clearly stand out. It is said that this strategy has had costs, and it is true. These costs are not so high, however, if we compare our current living standard with the one we would have had if we had continued on the path we were following.

There has never been a scarcity of people who rush to brand all undertakings as failures in Venezuela.

According to famous social thinker Albert Hischmann, we Latin Americans are trapped by the syndrome of failure-mania. In Venezuela there are those who would like to deny the undeniable progress our society has achieved.

My work throughout 1993 will continue to have economic openness, decentralization, social commitment, deepening democracy, privatization, and balanced and fair management of the public finances as guidelines for the political, economic, and social transformation of Venezuela.

The economic opening will be directed with a greater emphasis on broadening markets for our products abroad and on consolidating ties to bolster the expansion of services in a regional context, which offers infinite opportunities.

We will definitely consolidate the Andean Pact. We will sign the integration agreement with the Group of Three [G-3], which will go into effect on 1 January 1994, and the trade agreements with Chile, the Caribbean Common Market [Caricom] countries, and Central America.

We will seek to conclude negotiations with the United States—as I have said—in the areas of investment protection, intellectual property, double taxing, and subsidies, as they are an important element in this process of economic integration. Such negotiations will create a favorable atmosphere for investment in Venezuela and protect our exporters and investors from discriminatory and arbitrary treatment in that important market.

Up to now it was difficult to appreciate the full importance of these agreements, but now that the creation of jobs depends on the ability of our enterprises to compete for markets both internally and abroad, we are beginning to see the fruit of the previous efforts for integration.

As I said before, the Andean Pact is our most dynamic market and plays an increasingly important strategic role by attracting investments that can now benefit from a broader market.

In the field of decentralization, the circumstances are particularly favorable for rapid advancements. I must point out that even though this is my last year in office, it is the first for the governors and mayors elected in December 1992. That means in the various regions there is a willingness to advance. My administration will do everything in its power to see that this process takes place rapidly and effectively. Furthermore, we are sure that the guidelines with which we begin today will be followed during the next constitutional period by the regional authorities promoting them today.

This is a good time to begin an active process of decentralization and transference of competition so each federal entity can begin to assume its responsibilities in solving the social problems of its community, thus assisting the country's general development.

In this regard, we must mention the agreements we have reached with six state governments to transfer the control of the health services. This initiative, along with the future regionalization of the Social Security Fund hospitals, will drastically change the organizational structure of health services in 1993. Similar agreements will be made in other areas such as highway networks, education, sports, and low-income housing.

To guarantee the successful fulfillment of this process, we will create a fund to support the decentralization process by providing technical assistance for creating a budget, general information, planning, and evaluation systems for projects. We will also propose mechanisms for handling labor resources.

The process of deepening democracy will have a new cornerstone in 1993 with the first uninominal election of deputies and senators. This is an essential reform, and I urge the Congress to complete the reforms to the basic election law to incorporate, as broadly as possible, this desire of the citizenry.

I want to point out the basic program that will define my government's social commitment for 1993 and the need to find a minimum degree of consensus on the measures we will need to face poverty. I believe the discussion of poverty thus far has centered on the manipulation of alarming statistics, hardly addressing effective ways of fighting it. Poverty must be a priority in congressional discussions as that body is studying the laws we are proposing. Social justice cannot be excluded from the problems that govern the distribution of public funds and demand contributions from everyone to finance government expenses. Venezuelan society cannot continue to ignore the fact that oil revenues are insufficient to cover all the state's responsibilities. Education, health, housing, social development, defense, justice, and security alone represent 110 percent of the total oil industry income. Clearly it is no longer possible to subsidize electricity, water, and gasoline. We will be unable to build infrastructure, stimulate agriculture, and improve social services if we Venezuelans do not contribute a larger share of our income to the state. If we do not, public services, particularly those that provide for the more vulnerable sectors of our society, will begin an endless fall and inflation will hurt primarily low-income families.

We have been told that before implementing new taxes we must cut government spending. We have done so. You will remember that the central government's 1982 budget was $38 billion at today's exchange rate. In 1993, one full decade later and with almost one-third more citizens, that budget was $15 billion. These are the dramatic mathematical realities we cannot hide. We made significant adjustments to public spending in 1992 and we will continue to make cuts in 1993. If we do not, we will have to postpone important development plans that would benefit the people.

We are now more effective in collecting existing taxes. We are adjusting the prices of water, gas, electricity, social security, fertilizers, and transportation. I hope the new government adjusts gasoline prices. We must all realize that gasoline subsidies totaled 100 billion bolivars in 1992 based on export costs, not international market prices. We have an ambitious privatization plan that could produce $2 billion from the sale of electricity enterprises, stables, racetracks, and the rest of the hotels. Despite all these efforts, the government's income is still too low, which can only lead to lower payments on Venezuela's debt, less financial aid from abroad, and heavy pressure on interest, exchange, and inflation rates. We have no other alternative. We need these taxes, not for this government but for the new government. It would be unfair and even cruel to burden the Venezuelan economy with pressures and problems that could be avoided with a modicum of common sense and patriotism. We will not take Venezuela's peace of mind away. The people would never forgive us for being weak in managing the nation's economy at this time.

Senators and deputies, I wish to request a special and emotional recognition of the Armed Forces. [applause] The officers and soldiers of the Armed Forces have healed the wounds that treason inflicted upon the institution. Despite the trauma caused by a group of officers and their disregard for constitutional and institutional values, despite the criminal act of those who betrayed the trust of their superiors and deceived their subordinates, despite all of those circumstances, the Armed Forces have fallen in around the Constitution and the laws of the land. Their leaders at all levels are fully aware that their duty is not to be a part of political deliberations but to guarantee Venezuela's security, defense, and democracy. As their commander in chief and on behalf of the nation, I salute the men and women who have guaranteed freedom in Venezuela.

The last year of my administration cannot be a lethargic period, as is usually the case when administrations draw to an end. There are too many urgent issues for us to waste this coming year on melancholy remembrances. I propose we work hard to make the transition to the new government in a way that will ensure the least possible impact and adjustment on the people. Transition from one administration to another is essential, but more important is the transition to an era that should feature new and greater progress along the way to modernization, which we have already begun.

I believe that the constant aggression against me these last few years was not directed at me or because of me alone. It is the expression of a process of change at the Presidency. We will see that the new president, whoever it may be, will find the scars of the unrelenting erosion the presidential seat has experienced and we must reflect upon this. We have come to the time when we can feel the heat of the election campaign and the passion it unleashes. Those so-called notables who tried to prevent us from reaching this supreme objective of democracy were many. [applause] We have managed, however, to ride out the storms. Now we can offer the people a confrontation of ideas in which the issues I have listed here will have to be discussed.

All the political parties are undergoing serious transformations and they must evolve if they expect to live up to the new era that is about to be born throughout the world. All of you legislators are an essential part of these dynamics and will have to accompany the country in this process of transformation and change. To create the conditions of this transition, I commit myself to a path of absolute and undeniable defense of democracy. Any rumor attributed to me with respect to objectives other than the nonnegotiable preservation of democracy has no basis whatsoever. I am just as I have always been. [applause] I am just as I have always been, with the same unwavering position I have always held as it relates to the defense of the system of liberties. I rely on the country and the country can rely on the Armed Forces as well as its lucid and responsible leadership. The message at this time by those of us who take on a historic role is directed at consolidating the economic, social, and political foundations of democracy as the only system of government that can guarantee the finest destiny of the people. That was my oath to the country when I assumed the Presidency in 1989 and it should continue to be the objective of those who aspire to occupy this office. That is why I ask you senators, deputies, and the Venezuelan people, let us all work together to fulfill this honorable obligation.

Booed During Address

PA1103180793 Paris AFP in Spanish 1702 GMT 11 Mar 93

[Text] Caracas, 11 Mar (AFP)—President Carlos Andres Perez was booed on 11 March by dozens of people who crowded in front of the [words indistinct] his fourth and last address to legislators, which was aired to the country over radio and television.

Socialist Deputy Victor Hugo D'Paola asked for the floor, but his request was denied by Congress President Octavio Lepage, a Social Democrat like Perez. As a result, legislators of the leftist Radical Cause Party and Movement Toward Socialism (MAS) left the hall.

This sparked heavy booing against Perez, who maintained his composure.

The president, 70, wearing his presidential sash, remained solemn faced. He remained silent for nearly a minute and then began his speech amid the shouting, which finally stopped.

Outside Congress, however, the protests continued until police intervened and broke up the demonstration with the use of bird shot.

Perez left the area in an automobile, frustrating his desire to walk from Congress to the Miraflores Presidential Palace, located about six blocks northwest, analysts said.

There was heavy tension in Congress even at 1700 GMT because street clashes continued.

For the fourth consecutive day, there were also student disturbances in the Venezuelan capital on 11 March.

Asylum Offered to Nicaraguan Embassy Occupiers

PA1203034193 Mexico City NOTIMEX in Spanish 0036 GMT 12 Mar 93

[Excerpt] Caracas, 11 Mar (NOTIMEX)—On 11 March Venezuela verified its resolve to grant asylum to the individuals who occupied the Nicaraguan Embassy in Costa Rica and said they may be able to stay in the Venezuelan Embassy in that Central American country.

On 11 March the Venezuelan Government reported this information to the Costa Rican and Nicaraguan Foreign Ministries, according to Manuel Jose Torres Barrios, Nicaragua's ambassador to Venezuela, who had met with Venezuelan Foreign Minister Fernando Ochoa Antich.

The decision was made after Ambassador Torres Barrios asked President Carlos Andres Perez to intervene in the occupation of the embassy in San Jose by the self-styled "Yolaina" commando unit. [passage omitted]

Ochoa Says Disturbances Affecting Image Abroad

PA1203042493 Caracas Venezolana de Television Network in Spanish 2350 GMT 11 Mar 93

[Text] Foreign Minister Fernando Ochoa Antich says the continuing disturbances taking place in Venezuela are affecting our image abroad. He said these situations have a negative effect on the country's interests because they create unfavorable international opinion currents that in certain cases exert pressure on financial organizations and discourage investors.

[Begin Ochoa recording] Undoubtedly yes, they cause the country great harm. What worries me the most, to my way of thinking, is that these continuing outbreaks of violence and rumors that have the country uneasy and stunned are simply endangering the Venezuelan people's possibility to express democratically in December their opinion and thus to choose a new president. [end recording]